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The **CREDIT WORLD**

The Official Organ of the NATIONAL RETAIL CREDIT ASSOCIATION



Modern business has learned that the self-same ability which discovers a new star, a new cure, or a new law of nature, is also capable of discovering new and better business methods. The study of trade publications brings knowledge which cannot be acquired in a University education.





PORTION OF CENTRAL BUSINESS SECTION—CITY OF TORONTO, CANADA

PANORAMIC VIEW OF TORONTO

THE TIME June 17, 18, 19, 20

THE PLACE Toronto, Canada

THE EVENT Eighteenth Annual
Convention National Retail
Credit Association

* * *

WHY EVERY CREDIT EXECUTIVE SHOULD ATTEND

Four days of Credit Education.

An ideal vacation trip.

Unusual Entertainment.

The opportunity to meet hundreds of
fellow Credit executives.

Group Conferences.

Reduced Fare on all railroads.

A wonderful hotel—The Royal York.

Your wife and family will enjoy it.

* * *

*Make your advance registration now, and tell us
what Hotel accommodations you will require*

Convention Committee
National Retail Credit Association
1218 Olive St., St. Louis, Mo.

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Telautograph Traps Notorious Forger!

Arrested Two Minutes After "Alarm" Was Telautographed!!

AT MILWAUKEE

To Miss Peggy Marshall, a Telautograph operator at the Association of Commerce, is due no small measure of credit for the forger's arrest. At 12:13 p.m., Miss Marshall, with the machine which she operated, informed fifteen of the large stores in Milwaukee that Farlay was "active."

Admits Fifty Forgeries.

Two minutes later came an announcement from Schuster's Third Street store that Farlay at that very moment was attempting to cash a check at the cashier's desk. Less than an hour later he was being conducted to central police headquarters by Detective Joseph Daetsch, to whom Farlay confessed some fifty or more forgeries in Milwaukee.

Miss Marshall got her first "tip" on Farlay in a Telautograph message from Gimbel Brothers. The message stated that Farlay sought to cash a \$35 check at the store and that he disappeared when the cashier hesitated and started to question him. A description was contained in the message and immediately Miss Marshall sent out the following notice to fifteen department stores in the city:



Farlay is branded as a "professional" forger by police all over the country. He has served time in Seattle, Wash., and several years ago escaped from the Michigan penitentiary.

(The above article reprinted from Milwaukee Sentinel, #13-30.)

IT WAS DONE IN THIS MANNER

The message shown below is a copy of the "alarm" message broadcast to 13 stores via telautograph from the Milwaukee Association of Commerce, on February 13th, 1930 - at 12:13 p.m.

2-12-30 ————— 41

Notice

*Party by name of F.
Farlay is presenting
Checks on State Bank
of Madison. About 35
Wearing a light tan
overcoat and a tan hat.
Has a drivers license.*

12:13 ————— Reg.

The message shown below was written at Schuster's Department Store and received at the Milwaukee Association of Commerce at 12:15 p.m.

He is here now!!!!

**This is but One of the Many Advantages
Obtained by Using Telautographs!**

Will Your Bureau Deny Your Members This Protection?

If Not, Let Us Send Our Man to You Today! No Obligation!

THE FOLLOWING BUREAUS HAVE ORDERED:

ATLANTA — DAYTON — DETROIT — GRAND RAPIDS — MEMPHIS — MILWAUKEE
NEW ORLEANS — NORFOLK — ROCHESTER — ST. LOUIS — TOLEDO
(MANY OTHERS ARE INVESTIGATING)

TELAUTOGRAPH CORPORATION

FACTORY AND GENERAL OFFICES, 16 WEST SIXTY-FIRST ST., NEW YORK, N. Y.

WE HAVE 45 BRANCH OFFICES SERVING OVER 450 CITIES IN THE UNITED STATES

MEMPHIS HAS IT

Telautograph Used in Four Department Stores to Check New Account Seekers

Twenty-five years ago it required several hours for employees of the Merchants Credit Association to look up records of Memphians who applied for credit in downtown department stores.

Today, by using the Telautograph machine, employees are able to do the same task in less than three minutes. The association serves as the official credit bureau of the Memphis Retail Credit Association.

"This Telautograph machine is a wonderful help to us," M. G. Liberman, manager of the association, said today. Mr. Liberman has been manager of the association since it was founded in Memphis in 1904.

Equipment at the association headquarters is four receivers and common transmitters. On each of the four machines at Bry's, Goldsmith's, Gerber's and Lowenstein's the operators may write and receive messages from headquarters.

"No longer is it necessary for credit men to call and ask that we look up 'Mr. Smith's record,'" Mr. Liberman said. "Now the operator in each of the four large department stores communicates directly with our office."

"When customers are waiting for the credit men to look up their credit standing, they naturally are in a hurry," Mr. Liberman explains. "The telautograph system enables us to give them immediate information."

(Reprinted from Memphis Evening Appeal, 2-14-30.)

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Credit Association

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DAVID J. WOODLOCK, Editor
GUY H. HULSE, Asso. Editor

EDITORIAL OFFICE
1218 OLIVE ST., ST. LOUIS, MO.

Volume XVIII

MARCH, 1930

Number 7

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Official Magazine of the National Retail Credit Association

Change of Address: A request for change of address must reach us at least one month before the date of the issue with which it is to take effect. Duplicate copies cannot be sent without charge to replace those undelivered through failure to send this advance notice. With your new address it is absolutely essential that you also send us your old one.

Entered as second-class matter Sept. 18, 1929, at the post office at Mount Morris, Illinois, under the Act of March 3, 1879.

EDITORIAL

The Chain Store and Credit Organization

*Not in the clamor of the crowded street,
Not in the shouts and plaudits of the throng,
But in OURSELVES are triumph and defeat.*

—Longfellow.

WE HAVE been asked so many times as to where we stand in the so-called fight on the Chain Store, we feel we should express our opinion. Let us point out to our members this controversy centers around a question of *merchandising* and the National Retail Credit Association is first, last, and all the time, a purely *Service* organization. We see no reason why we should take part in or be drawn into a discussion of merchandising problems.

Our sole purpose is to set up the organization and the machinery whereby every Retailer of merchandise, whether he be a corner grocer or a department store, is protected from Credit losses. We aim to raise the Credit morale of the nation; establish a Community Credit Policy; and urge the applying of the most successful Credit practices in all lines of Retail endeavor; safeguard Credit and promote increased Collection turnover.

There are two types of Chain Stores. Holding companies have been organized to control chains of many of the outstanding Retail stores of the country, almost always taking over stores which have for years, and are still, a most important industry in their particular community, and with this type there appears to be little faultfinding.

The other class is the "Cash and Carry" chain, which is a development of the Mail Order business or System grocery and food stores, and most of the present propaganda has been directed at this type.

We are interested in the first type, because all of them extend Credit as a service and practically all are members of the National Retail Credit Association and supporters of our Service Department.

We are interested in the second type, because within the past few months there appears to have been a drifting on their part toward universal Credit extension and many of these stores are loyal supporters of the policies of the National Retail Credit Association and users of

Credit Reporting service through our Service Department.

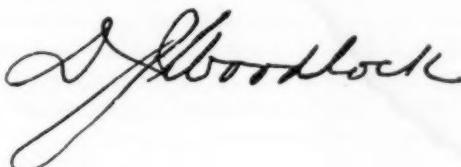
Our observation is that practically all of these chains are well organized, well financed and efficiently managed, and so long as they conduct their Credit Departments along sound and ethical lines and live up to the rules of our Credit Reporting Bureaus, we see no reason why they should not be entitled to all the privileges of this Association and its service units. In fact, they contribute to these service units not alone a vast fund of information, but also are a considerable source of revenue to those Bureaus.

In our opinion it is the function of a Credit Bureau, which is a clearing house for all the Credit information of a community, to render service to every legitimate merchant in that community—not one class or one group—But All.

It's the old story, when competition on terms or merchandising features enters the Credit Department of a store or influences the policy of a Credit Reporting Bureau, we break down the Credit morale and open the door to all kinds of Credit abuse.

In the entire history of Retailing, the Merchant who makes a success is the one who makes his store the most attractive by selling dependable merchandise and rendering the best possible service. A Liberal, yet Sound, Credit policy is the best way to tie customers to your store.

The independent Retailer will continue to be a most important factor and a profitable business, if he sets his house in order by building excellent service, of which Credit extension is a most important part.





N. R. C. A. BUREAU MANAGERS ATTENDING COLUMBIAN DISTRICT CONFERENCE, PHOTOGRAPHED IN FRONT OF LINCOLN MEMORIAL, WASHINGTON, D. C.

The Columbia Regional Conference

Bureau executives from six states attended the Columbia Regional Conference in Washington, D. C., Feb. 17 and 18.

The sessions were held in the Italian Garden of the Mayflower Hotel.

Thomas L. Husselton of Atlantic City, N. J., presided, and V. A. Rogerson of Clarksburg, was Secretary.

Louis Grigsby of Philadelphia was elected President for 1930.

On the evening of the 17th, the Conference attended the Mid-Winter Banquet of the Associated Retail Credit Men of Washington.

Permanent Bureau of Credits, Department of Commerce, Washington, D. C.

At the Nashville Convention, a Resolution was adopted thanking the Department of Commerce for the nation wide Credit Survey then about to be concluded and requesting the establishment of a permanent Bureau of Credits in the Department.

This Resolution was referred by the incoming administration to the Legislative Committee, who are pleased to announce that as a result of their efforts, on Feb. 14, 1930, Mr. William L. Cooper, Director of the Bureau of Foreign and Domestic Commerce, advised his Bureau had found it possible to comply with the request of the National Retail Credit Association to collect reports on retail sales and Credit trends.

Through this Bureau a semi-annual check-up of retail sales and Credit trends will be made in twenty-three key cities of the country, covering seven different lines of retail business. It will be the duty of our Association to supply the Department of Commerce representatives in each of the selected cities with the names of firms or individuals from whose information a true picture of Credit conditions may be drawn in each line of business.

The data will be gathered by means of a Questionnaire to be sent from the Department in Washington direct to the merchant to be filled out and returned to the Department and as soon thereafter as possible these figures will be released and will be available on request.

Dr. W. C. Plummer, of the University of Pennsylvania, and Mr. La Crosse, of the Department of Commerce, will have active charge of the Bureau of Credits and under their competent direction the interest of the retail merchants of the country will be well served.

The Committee desires to extend its personal thanks as well as those of the National Retail Credit Association to Dr. Julius Kline, Assistant Secretary of Commerce, Mr. Wm. L. Cooper, Director of the Bureau of Foreign and Domestic Commerce, Mr. John Matthews, Acting Assistant Director, Mr. H. C. Dunn, Chief Domestic Commerce Division and Dr. W. C. Plummer, for their many courtesies extended during the preliminary work incidental to the permanent establishment of this Bureau.

HOWARD C. SPARKS,
HARRY OSTERMEYER,
JAMES R. HEWITT,

Legislative Committee National Retail Credit Asso.

Collections and reports in the Cleveland, Ohio, trade area should be routed through and will be gratefully received by our National member—The Cleveland Retail Credit Men's Company, National City Bank Bldg.
This group pledges every individual, agency and bureau member in the United States 100% effort in accordance with policies of the National Retail Credit Association.
REMEMBER—CLEVELAND, OHIO, COLLECTIONS AND REPORTS Are most efficiently and safely handled through the National member.
(Return to us unanswered all direct inquiries)

Killing the Cost of Accounts Receivable

By Allen A. Templeton

President Michigan Industrial Bank, Detroit, Mich.
An Address Delivered at Meeting Associated Retail Credit Men of Detroit

FELLOW credit men and women—I have used this salutation with intention, because the Banker is the universal credit grantor and as one of such we are brother credit men. We have functions in common and differ only in commodities.

You, as retail credit grantors, sell merchandise for cash or *with* terms of payment.

We, as Bankers, sell money with collateral or endorsement as security or on established lines of credit based on financial statement and *on* terms of repayment.

I have been catalogued as a Humanist. I sort of like that label and I trust you will consider the remarks I am about to make as coming from a humanist rather than from a banker—for, after all, we are all human beings.

You may or may not agree at first instant with the few remarks I am going to make tonight. In fact, it is not my purpose to unduly influence your belief in the principles involved in my subject.

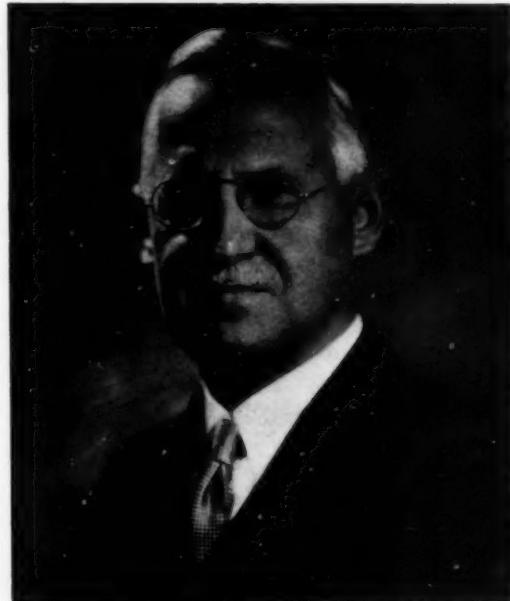
I have only one purpose in mind: and that is to give you food for thought. I may make certain assertions that, although I may or may not believe them to be true, they may be entirely opposite to the accepted principles of retail merchandising and house policies. I may set up certain theories that may or may not be logical. I may offer certain solutions which may sound entirely out of reason upon first hearing. But, if by, what I have to say—I can make you—THINK—of this great economic problem which is perplexing the master minds of the economic world today, I shall have accomplished my task.

I do not presume to know the details of your retail credit granting profession. But I do know something of your problems.

I do know that your troubles are many. I do know that your action at all times must be subjugated to "House policy."

I do know that your credit judgment is constantly being warped by sales department pressure for volume.

I do know that you are the ones who must listen to the



ALLEN A. TEMPLETON

complaints of dissatisfied, supersensitive, sometimes neurotic customers, who use their real or imaginary grievances for withholding payment of their account; and who, although they would try the patience of Job, must, nevertheless, be listened to, handled with tact, sent away happy, and at the same time be collected from.

A credit man's job is not for the faint hearted. You, too, must be Humanists; and Humanists of the highest calibre. (Master of the personal equation.) You must, to be successful, have the faculty of analyzing the elements of human nature and carefully weighing its faults and virtues. You must have the courage of your convictions. The makers of your own opinions. The actors of your own business drama. The teachers of your own profession.

You must be Economists. Students of economics. You must know conditions, not only locally but nationally, as well. If wheat is a failure in the West, economic conditions are affected in Detroit. If the cotton crop is a failure in the South it indirectly affects Detroit in the North.

If there is labor trouble in New England or Pennsylvania, the labor market is affected in Detroit. If there is building activity in Chicago—Detroit feels the effects of Chicago's expansion.

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Allen A. Templeton was born in 1874 at Green Bay, Wis., and at the age of eleven years became a wage-earner. By exercising thrift and with an urge for higher education, he finished his High School and Business College courses in night school classes.

At the age of twenty-four he was married and working as bookkeeper for the E. B. Grossman Company in Chicago. Due to insufficient light and overstrain he was attacked with a nervous breakdown and temporarily lost the sight of both eyes. It was during the convalescent period from this illness that Mr. Templeton was fired with the ambition to become a doctor. He entered the Chicago Medical School, graduated and passed the State Board examination but fate decreed that he would not earn his living in the medical profession.

In the meantime he had connected with Morgan & Wright as a bookkeeper; and in 1906 moved to Detroit with the Company. From the position of bookkeeper he passed through the manufacturing departments as Superintendent, Works Manager and finally as Vice-President; the office he held until the U. S. Rubber Company merger.

Dr. Templeton has been twice President of the Detroit Board of Commerce, three times President of the Employers Association and has always taken a keen interest in civic affairs as well as business developments. He serves on the Board of Directors for several of the large financial institutions in Detroit at the present time.

And why? Because Detroit is a manufacturing, a fabricating and distributing center, therefore a very large employer of labor.

Detroit's prosperity depends almost entirely upon the prosperity of the balance of the world,—yes, I say “of the world” advisedly, because our foreign exports depend upon the ability of the peoples of the foreign nations to purchase our Detroit products, and pay for them promptly.

Unless each section of our country is prosperous, people cannot buy Detroit-made goods. Consequently, our production and distribution is curbed accordingly. And further, when production is curbed, we have an unemployment situation to cope with; collections collapse, and sales volume dwindles down.

Now, men and women, THINK. I'm going to ask you three questions. I respectfully ask each individual here to answer each of the questions—not orally, but mentally—and I will pause long enough between each question to give you ample time to find the answer.

The first question is,—“To whom does Detroit sell the many thousand automobiles, adding machines, pharmaceutical products, stoves, and what not, which are manufactured here each year?”

The second question is,—“If so, what with—and—where do they get it?”

Now, before I ask the third question, let me see if your answers to the first two, check with mine. To question

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one, your answer was, “They sell them to the Capitalist, the Banker, the Architect, the Doctor, the Builder, the Office man, the Mechanic, the Farmer.” Am I right? The answer to the second question is,—“These people buy them with money or credit, and they get the money legitimately from investments and labor. Legitimately, I said, from investments and labor—illegitimately, from gambling, speculating, and bootlegging. An automobile is not particular who rides in it, neither is a dose of poison particular who drinks it.

Now, here is the third question. “If you have a watch, is there the numeral 6 on the face of it?” And please, before you look, don't tell me, “You don't think there is.”

You must be a thinker to be a successful Credit-grantor, because you, in my opinion, are the Watchman of your firm's most valued and yet most shrinkable asset,—its Accounts Receivable. Your firm expects you to be a THINKER, and it is logical to believe that if you apply your mind to the problem of Accounts Receivables—if you concentrate your spare time in corraling facts relative to existing local, national, and international conditions affecting the payment of Accounts Receivables, your solution of the problem should carry enough weight to balance the firm's decisions in the correct channels of business procedure, in so far as credit policy is concerned.

Is there a Head of the Firm who is as familiar with the classification of his Accounts Receivable asset, as is his Credit man? Does the principal know how much of his outstanding Accounts Receivable is represented in the accounts of Mechanics, of Painters, of Carpenters, of Builders, of Professional men, of Auto-workers, and of the various other trades and vocations? DO YOU AS CREDIT MEN KNOW? Have YOU any idea of what percentage of your Accounts Receivable volume would be affected if Ford's would shut down indefinitely tomorrow—or if Burrough's would be destroyed by fire tonight—or if the Michigan crop would be a failure this fall? YOU MAY KNOW. If you do, then you are in a position to determine the liquidity of your Accounts Receivable Asset at any and all times, when circumstances warrant the analysis. By knowing the Country's condition, you should be able to forecast with a certain degree of accuracy, just what your Firm may expect in collection percentages, and, in fact, in sales, also. And with the facts and available reports you have at your command, your evidence would be SO CONVINCING that your opinion and suggestions would undoubtedly be accepted as final, and the sales program affected accordingly.

I have recently visited several of the downtown stores and have observed some of the efficient working methods you employ. I have observed the progress of the Credit-profession as a whole. Many of you have taken your rightful places in the councils of your store management and conferences; and there is a place for each of you and all of you, when you have proved to your Firm that you are a THINKER as well as a WORKER.

(Continued on page 26)

Cooperation Between Sales and Credit Department

By E. C. Fett

Credit Manager Cottrell Clothing Co., Denver, Colo.

MUCH has been said and written regarding credits and collections but few articles have appeared on sales promotion work through the Credit Department. The Credit Department in many cases confine their work mainly on passing on credits and collections. This is very necessary, of course, but more time should be given through the Credit Department on the promotion of sales. This can be worked out very successfully through the cooperation of the salesmen and credit manager. The results are astonishing on increased sales where this condition exists.

In a recent address in Denver, Mr. Guy H. Hulse, Assistant Editor of the CREDIT WORLD, and Secretary of the National Retail Credit Association, brought out the facts regarding cooperation between these two departments. In quoting Mr. Hulse, he said, "It is imperative that cooperation exist between the credit and sales department before success is attained in its highest degree." Mr. Hulse is correct as no store can operate successfully without cooperation between these two departments.

We have adopted a plan which we believe to be a very successful one, inasmuch as it deals directly with increased sales through the Credit Department. Each salesman keeps a file on his personal trade. These cards are placed in a steel cabinet with the salesman's name on the drawer. The card is four by six inches in size and the cabinet is located in a place easily accessable to the salesmen while waiting on a customer. We are reproducing a sample card in order that you may follow our explanations more closely. The salesman is urged to fill out one of these cards every time he makes a sale to a customer who is not already in his file. It is then turned into the Credit Department and his rating obtained and marked O. K. if such is the case.

Card number one is an illustration of a customer who has a regular charge account in your store while card number two is a customer who pays cash but has had his credit passed which shows in the "Credit O. K." column. This will enable the salesman to sell a customer a suit when the customer uses the old and ancient alibi of not having the money at that time. This is very successful particularly during a sale. This enables the salesman to make a sale without having the customer come to the Credit Department which in a great many cases is a great obstacle. The customer usually doesn't want to take the time and is reluctant to fill out an application for credit. This is all done for him before he enters the store to make a purchase.

Column A is the date of purchase of article described

THE COTTRELL CLOTHING CO.										
NAME	Johnson Lee C					PHONE	36-0187			
ADDRESS	1601 Madison St.					SALESMAN	Jennell			
CITY	Denver Colo									
DATE	ARTICLE	SIZE	PTS	COLOR	LONG NO.	MADE	BELL	CASH	SHIPPING	BUSINESS
7/2/45	Short	38	1	Blue	N-116	600	100	Chg	OK	Dear Salesman
A	B	C	D	E	F	G	H	I	J	K

THE COTTRELL CLOTHING CO.										
NAME		PHONE Ke 1348								
<u>H. C. Jordon</u>										
ADDRESS		SALESMAN <u>Pedekar</u>								
<u>1336 Vine St</u>										
<u>Denver Colo.</u>										
CITY										
DATE	ARTICLE	SIZES	PTN	COLOR	LINE NO.	PRICE	BELL	CASH IN CTR.	EX CASH	BUSINESS
<u>May 30</u>	<u>Suit</u>	<u>40</u>	<u>2</u>	<u>Grey</u>	<u>T-690</u>	<u>75.00</u>	<u>65.00</u>	<u>End</u>	<u>OK</u>	<u>Customer</u>

in Column B. Column C to E inclusive are more or less self explanatory. Column F is the line number given the article before placing in stock. Column G is the original retail price when given a line number. Column H indicates the price article was sold for which in a great many cases is different than the original retail due to mark downs and mark ups. Column J is a very important one inasmuch as the salesman can tell at a glance whether or not the customer is entitled to charge merchandise although he has always paid cash on previous purchases. Column K is also important due to the fact that the salesman after knowing the nature of a customer's business, will sell him clothes accordingly. This eliminates a great deal of trouble with the Credit Department at a later date because the salesman will not try to oversell the customer. In other words the salesman will not suggest to an office clerk the same kind of merchandise that

(Continued on page 32)

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Cleveland Still Leads in Retail Credit Activities

THE Cleveland Retail Credit Men's Company has just enjoyed the biggest annual banquet of its existence, according to information received from National Director Bill Gray, Secretary-Manager of the Cleveland Bureau.

A total of 800 Credit Grantors and friends celebrated the 25th anniversary of the Cleveland organization with a rousing whoopee party in the Rainbow Room of Hotel Winton, Wednesday night, Feb. 19.

The program started with dinner at 6:30 and from then until 9:30 there was a continuous program of entertainment, including one of the city's finest dance orchestras; a complete black and tan revue; the Blue Flash Quartet, which broadcasts from station WHK; "Smilin' Ed" McConnell, who is a favorite from station WTAM; the Hoffman Sisters of R-K-O fame; and Thurman "Dusty" Miller, of Wilmington, Ohio, whose wit is known from coast to coast.

After the program, in order to accommodate the crowd that wanted to dance, orchestras were provided in two different halls in the hotel.

As a tribute to the association's 25th anniversary, the Cleveland Press published a full page advertisement "to acquaint its readers with the remarkable work of the Cleveland Retail Credit Men's Company and its affiliated body, the Retail Merchants Board of the Cleveland Chamber of Commerce." This advertisement appeared in all editions circulated in the city. In addition, the Cleveland Press printed a special edition for distribution at the Banquet, with the entire front page devoted to pictures and articles on the Credit Association and its people and activities. Five lusty-voiced newsboys, shouting "Credit man pushes customer down elevator shaft" and "Congress prohibits charge accounts," dashed into the banquet hall, at a signal to distribute this special edition, and provided one of the evening's biggest thrills.

The advertisement in the Press carried this heading: **SILENTLY, BUT SWIFTLY AND SURELY, IT SERVES TO REDUCE THE COST OF YOUR PURCHASES**

The copy read as follows:

A stranger has asked a Cleveland merchant to extend the courtesy of a charge account. . . . A nimble-fingered gentleman has forged the check of a prominent Cleveland physician. . . . Merchandise has been discovered missing from the stock rooms of another store—"mysteriously." . . . A purchaser of furniture on the time-payment plan has suddenly left town—with the furniture. . . . A retailer wants to know the average cost, to other stores throughout the nation, of maintaining a delivery department. . . . Another retailer wants information about retail conditions in Columbus. . . .

And so on!

These are samples of the requests for information and assistance which are coming in, over telephone wires and in person, every minute of every day, to the people of the Cleveland Retail Credit Men's Company.

You know little of this organization, yet it is of extreme importance in every phase of the daily life of every person

in the community. Here is kept the permanent record of your Credit standing. Here you may look for assistance in all your Credit problems. Here is the force which protects the merchants of Cleveland against fraud of all kinds. Here is the organization that helps materially in lowering the cost of maintaining a retail business—thus reducing the cost of your purchases.

More than twenty-five hundred Cleveland business men exchange credit information through the medium of this organization. If you ever had a charge account in a Cleveland store, a record of the way you fulfilled your obligation is contained among the 1,200,000 reports filed here.

Largest institution of its kind in the United States, it is a force of unparalleled value in the life of the community.

You should know more about it! You should visit the Cleveland Retail Credit Men's Company. You should learn how it serves—to lower the cost of your purchases.

In a central panel, was this copy:

If you are a newcomer in Cleveland, and wish to establish a credit standing with retail stores, professional people and others, the simplest method is to make arrangements at the Central Headquarters of the Cleveland Retail Credit Men's Company, 500 National City Building. This permits of quick reference, saves time and aids you in opening charge accounts anywhere in Cleveland.

If you now have a charge account, and are faced with a difficult problem, feel free to visit this office for advice and help. There is no charge.

New Orleans Wants 1931 Convention

At a special meeting of the Associated Retail Credit Men of New Orleans held Jan. 28, it was voted to invite the National Retail Credit Association to hold its 1931 Convention in their city.

Walter Strickland General Chairman Group Conferences

President Edgerton has appointed Mr. Walter Strickland, Credit Manager of Best & Company, New York, as general chairman of the Group Conferences for our Toronto Convention.

Mr. Strickland, who is President of the Associated Retail Credit Men of New York, is one of the outstanding Retail Credit Managers of the country. Personally of a very serious and studious nature, he has given so much thought and study to Credit problems that he is better equipped than anyone in our entire Association to arrange a real educational program for our Toronto Group meetings.

As our program this year contemplates a general session each morning, with the afternoons of four days devoted to group meetings, it looks like this will be our most educational Convention, and as a result, the duties of the General Chairman will become more exacting.

Every member who has any suggestions or ideas for the betterment of our Group Conferences, is urged to write at once to Mr. Walter Strickland, Best & Company, New York City, so we may have the most perfect cooperation and the most successful Group meetings ever held.

U. S. Department of Commerce Installs Bureau of Credits in Washington

RETAIL CREDIT DATA TO BE OBTAINED SEMI-ANNUALLY

CURRENT check on the trend in consumer buying and retail credit will be possible after July, 1930, William L. Cooper, Director of the Bureau of Foreign and Domestic Commerce, stated today in announcing that his Bureau has found it possible to comply with the request of the National Retail Credit Association to collect nation-wide reports on retail sales and credit trends semi-annually.

This decision, Mr. Cooper pointed out, follows a petition to the Department of Commerce by the Association, reflecting the wishes of a large proportion of the retail establishments of the country, which stressed the importance to business as a whole of making available this "extremely useful information," on a regular basis. Appreciation of the "great value" of the statistics gathered by the department in the recently completed National Retail Credit Survey, the results of which are now being prepared for publication, was expressed by Justin H. Edgerton, President, and David J. Woodlock, Secretary, of the National Retail Credit Association, as well as other men in urging that this work be placed on a permanent footing.

This work which was started in 1928 with the cooperation of credit men throughout the country has brought together a large fund of specific information on existing credit practices and their results. Analysis has been made of the net sales of approximately twenty thousand establishments with total sales in the neighborhood of five billions of dollars. The kinds and extent of retail credit, credit losses, use of credit bureaus, use of finance companies, extent of returned merchandise, extent of installment credit and collection percentages have been ascertained. The original survey was expanded at the request of credit and business specialists to include also studies of the causes of retail failures and of bankruptcy in Louisville, Philadelphia, Newark, and Kansas City.

In accordance with the decision to gather this type of information semi-annually, beginning July 1, next, questionnaires are being prepared and will be ready soon for starting the preliminary work of the project. They relate to subjects such as the percentage of business done on a credit basis, the promptness with which accounts are being paid, the value of each month's sales, the extent of installment sales, losses from bad debts, the losses caused by fraudulent buying and fraudulent checks, and similar data which the credit men say are easily obtainable and represent information which will be of very definite value to the business men who will cooperate in their collection. Losses caused by the acceptance of fraudulent checks and other associated methods of obtaining money or merchandise will be ascertained for the first time in addition to the usual figures on losses from bad debts.

More detailed information regarding the problem of

returned merchandise, the importance of which has been indicated in preliminary studies, will also be sought in the new semi-annual surveys.

Describing current timely credit information as the "hub of business," James R. Hewitt, Past President of the National Retail Credit Association, acting as spokesman for the credit men, expressed the opinion that the information desired represented "one of the most potent factors in eliminating waste and in helping retail trade generally toward stabilized prosperity." According to Mr. Hewitt, "it will be of value not only to merchants who cooperate but to the whole range of business and its intelligent application by the trade will be of inestimable value to the consuming public."

The semi-annual data will be gathered from seven types of retail stores consisting of furniture, department, jewelry, men's clothing, shoe, women's specialty, and electrical appliance stores, through the cooperation of the local credit bureaus and the district offices of the Department of Commerce. Merchants in the following twenty-three cities will be asked to cooperate in furnishing the information: Atlanta, Baltimore, Boston, Chicago, Cleveland, Dallas, Denver, Detroit, Indianapolis, Kansas City, Los Angeles, Louisville, Minneapolis, New Orleans, New York, Philadelphia, Pittsburgh, Portland, Ore., Richmond, Va., St. Louis, San Francisco, Seattle, and Washington, D. C.

Editor's Note: The installation of this valuable Bureau in the Department of Commerce, was the result of untiring effort on the part of James R. Hewitt of Baltimore, Past President of the National Retail Credit Association, and R. Preston Shealey, Washington Council of our organization. They have built a service of great value to every Retailer.

Financing Local Credit Bureaus

One of the hardest problems to solve has been the proper financing of Credit Reporting Bureaus in small communities, and we call our members attention to the success of the Topeka, Kans., Retail Credit Association along these lines.

Two years ago the merchants found their agency handicapped because of an old debt dating back to a former management. Mr. J. W. Harper, Secretary-Manager, conceived the idea of issuing Certificates of Indebtedness to secure sufficient money to pay off these obligations and make necessary additions to the service.

The Certificates were issued in denominations of ten dollars each and no trouble was experienced in disposing of \$2,500.00 worth to merchant members; as a result the old obligation was wiped out. The Bureau moved into new quarters and purchased new files. In fact it now rates as a Class A Bureau and will have no trouble in retiring the certificates when they become due.

Bureaus struggling with financing problems can profit by adopting the Topeka idea.



Creditorial

(Reg. U. S. Pat. Off.)

By Louis Sinclair Grigsby

General Manager Philadelphia Credit Bureau, Inc., Philadelphia, Pa.
President, Columbia Regional Conference of Credit Bureau Executives.

Gangway for Philadelphia!!!

ON SATURDAY, Feb. 1, 1930, the Commercial Reference Company, Inc., was consolidated with the Credit Clearance Bureau of the Philadelphia Chamber of Commerce to operate as a single CENTRAL Credit Bureau on the fifth floor of the Van Dam Building, 1005 Market Street, to be known as the Philadelphia Credit Bureau, Inc.

At last, one Credit Bureau for the City of Brotherly Love to protect the retailer, reduce Credit losses, improve collections and stimulate the community Credit morale.

A Bureau with all the advantages of the prestige and good will of 28 years operation of the Commercial Reference Company, and a ten year record of the Credit Clearance Bureau.

It has a combined file of 1,250,000 records, covering paying habits of Credit customers in the metropolitan area of Philadelphia; a personnel of fifty trained employees with an average experience in bureau operation of five years, with senior associates engaged in compiling Credit data for 12 and 14 years; a floor space of 3,000 square feet, one large, well lighted office, occupying half of the fifth floor of a modern office building in the heart of the business section of Philadelphia.

It is under the ownership and management of the late Robert O. Cowan, one of the pioneer agency men in this country. The Commercial Reference Company served faithfully and well the retailers of this city for more than a quarter century.

The Philadelphia Credit Bureau is under the direction of the Philadelphia Chamber of Commerce, controlled by the retail merchants of the city. A service organization first, last and all the time.

The officers are: George W. Elliott, General Secretary of the Philadelphia Chamber of Commerce and former Director of Public Safety for the City of Philadelphia, President; Miss S. W. Cowan, sister of the founder, Secretary-Treasurer. The members of the Board of Directors in addition to Mr. Elliott are: Anthony H. Geuting, President, A. H. Geuting Co., President of the National Shoe Retailers Association; Philip H. Gadsden, Vice President of the United Gas Improvement Co., President of the Philadelphia Chamber of Commerce; Walter Le Mar Talbot, President, Fidelity Mutual Life Insurance Co., of Philadelphia; Irving L. Wilson, President of Jacob Reed's Sons, Chairman of the Retail Merchants Committee of the Philadelphia Chamber of Commerce; Thomas Wriggins,

President, B. F. Dewees and Louis Sinclair Grigsby.

The nationally known law firm of Roberts and Montgomery is Counsel and Mr. Grigsby is General Manager.

An Advisory Committee of Credit Executives comprising twenty prominent Credit Managers serving as the Board of Directors of the new Philadelphia Chapter of the National Retail Credit Association, meets with the management every two weeks. Surely a central Credit Bureau of Credit men, by Credit men, for Credit men.

The Philadelphia Credit Bureau is the ONLY official station in the Service Department of the National Retail Credit Association.

A monthly dinner meeting of the Philadelphia Chapter of the National Retail Credit Association is held at the Bellevue-Stratford Hotel. The first meeting of the Credit Clearance Bureau in November, 1929, was addressed by Justin H. Edgerton, President of the National; the second meeting, in January, 1930, heard James D. Hays, General Manager of the Harrisburg (Pa.) Credit Exchange and President of the Associated Credit Bureaus of Pennsylvania.

On Thursday, Feb. 20, 1930, the first annual dinner meeting of the Philadelphia Chapter was held with David J. Woodlock, Manager-Treasurer of the National Retail Credit Association, as principal speaker.

A weekly luncheon of the Credit Managers Club, consisting of members of the Philadelphia Chapter and others, is held each Wednesday at Gimbel Brothers Restaurant.

The Philadelphia Retail Credit Institute under direction of the Credit Bureau, one of the largest in the United States, meets each Tuesday night in the Chamber of Commerce Building.

A monthly publication, entitled "SERVICE," is issued by the Philadelphia Credit Bureau.

A general educational credit advertising campaign is—Enough. GANGWAY FOR PHILADELPHIA!

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On to Toronto—But Why? ? ? ?

BECAUSE the progressive Credit Manager who is alive to the possibilities of his job cannot sit within four walls year after year and keep up with the times.

BECAUSE one idea or suggestion obtained from close consultation with fifteen hundred other representative members of this profession will more than repay the actual cost of the trip in addition to the time away from the desk.

BECAUSE in union there is strength, and we protect the community Credit morale of the entire nation by meeting annually to take collective action on problems tending to break down instead of build. The single effort of one man is naught compared with the power of seventeen thousand merchants in this country.

BECAUSE all work and no play makes Jack a dull boy, and naturally we will accept the wholesome hospitality of the Torontonians in relaxing briefly during the convention. A clear, clean mind free from complexing thoughts after hours of pleasure is more receptive to complicated measures.

BECAUSE there is no finer group of ladies and gentlemen with a more pronounced service complex than the members of the Retail Credit granting profession.

BECAUSE one hour spent in a department group conference in Toronto will save days of agonized thought on "How to do it?" or "Why it should not be done?"

BECAUSE several days association with others will bring forcibly to your attention the fact that the future, individual and collective, of our profession is limitless. That opportunity knocks every day, and beckons some Credit man or woman to greater responsibilities, increased remuneration and a real position.

BECAUSE the Service Department with a membership of over one thousand Credit and Collection Bureaus is always at your command, and a knowledge of the complicated nature of operation is valuable.

BECAUSE we never stand still. We either advance or retreat. The slaggard has no place in modern business. If you are not ahead of the game, rest assured someone else is.

BECAUSE the officers and directors of the National Retail Credit Association have completed a year of highly successful work and are entitled to your active co-operation and support.

BECAUSE your store, your trade, or your employer demands your best effort at all times. Not one thing should be left undone which will qualify you for the entire confidence of those to whom you are responsible.

BECAUSE the future of American retail business is in your hands. Every contact, every new thought places more power and authority behind your decisions.

BECAUSE if for no other reason, the scenery, the trip, the marvelous hotel are well worth your inspection.

BECAUSE Canadian or American, we are all brothers under the skin, and face the same problems daily.

BECAUSE nothing succeeds like success and answering roll call on the opening day next June in

Toronto places you in a fair way to "write your own ticket."

Professor, Pray Tell Me, "What Is Credit?"

Thousands of young men and women employed in Credit offices, the future controllers of American business, have had that and many other questions answered during the Winter semester of Retail Credit classes held in various cities under direction of the National Retail Credit Association.

A complete system of operation was placed before the Credit Bureau managers of the country through the efforts of the Educational Committee of the national body headed by Justin H. Edgerton, President. The outline of material to be used in the lecture series is comprehensive, understandable and easily followed. Prepared in collaboration with the New York University School of Retailing under Dean Norris A. Brisco, with the assistance of the Associated Retail Credit Men of New York City, it is a model of simplicity, at the same time developing subjects worthy of the best thought of grey-bearded patriarchs of the profession.

Great credit is due Frank Batty of San Francisco, Calif., for his untiring efforts in stimulating the work of this important educational movement.

The two official text books, "Retail Credit Practice" by Bartlett and Reed, and "Retail Credit Procedure" by Dean Brisco, are outstanding tomes on the profession.

Officially sanctioned by the National Retail Credit Association, each student is duly enrolled in the general offices in St. Louis, Mo., upon payment of a small matriculation fee. Upon completion of the regular examination at the close of the course, each qualified individual receives a Certificate of Proficiency.

The skeptical merchant says, "Well, what of it?" "What difference does it make?" "What good does it do me?" Education is the key note of our present day prosperity. To be prepared for future demands requires study. Where else can a young man or woman obtain direct information concerning the job than through a Retail Credit class? Many a merchant who has gone through the mill has said that such an opportunity in the days of long ago would have saved years of toil.

To have in your office, employees, is, of course, necessary. To have in your employ, individuals who are sold on the future of their positions to the extent they thirst for information assures you of the clean-cut, efficient operation of your Credit department.

Mr. Merchant, recognize the youngsters who will soon
(Continued on page 23)

**NATIONAL RETAIL CREDIT ASSOCIATION
CONVENTION**

Toronto, June 17-20.

Teaching the Necessity of Properly Interviewing the Applicant for Credit, and Intel- ligently Using the Bureau's Service

By William A. Baylor

Secretary-Manager San Jose Merchants Association, San Jose, Calif.

THE files of the Credit Bureaus of the United States contain the possibilities of either making business a success or a failure. In their hands are the implements that will either make the going easy or difficult. What one knows and his ability to impart that knowledge are two different things. One may think he knows all about a certain instrument, function, or a principle, but when he is put to the test he may fail utterly. Just so with business today in dealing with the great and mighty Credit problems.

You drive an automobile. Do you know everything about it? How many times do you get the assistance of a mechanic? Why? Because you know all about your automobile or because you don't know?

I am rather of the opinion we call a mechanic because we do not know—all of which means there is more to know and learn about an automobile than just stepping on the gas. Perhaps if we knew more about the automobile in the start, we would not have to consult a mechanic so often. This, however, we are reminded is an advantage of specialists where certain features of business, and mechanics, and science are centralized in great stations of ability and efficiency. This is the reason for the birth of the National Retail Credit Association.

The National Retail Credit Association and its functioning Bureaus located throughout the United States have grown since 1921 to be a tremendous power for good for the business interests of the United States. This institution was born at a time and out of a necessity for business promotion and assistance. The hit-and-miss, careless, and slip-shod method of accumulating and disseminating information previous to 1912 was the occasion for the organization of the National Association.

"Knowledge is a tool—judgment is the use of knowledge," says someone. Secretary of Commerce Lamont says, "A man's judgment is no better than his information." If these are true, the Credit Bureaus of our sort and the National have a tremendous job of imparting definite knowledge and disseminating this information that will aid business men in passing judgment on the many problems that come to them daily. It is no small task. It is a job that demands our utmost efforts. Half-hearted efforts will not do. I am in-

clined to think we have had too much half-hearted effort already.

How can we teach business men the better use of Association machinery, so that it will better serve its purpose? Can it be done by preaching? Is there any set rules to lay down to follow so as to impart the knowledge to them? Why should it even be necessary to take the time and the patience to show them? Would it be advisable to let them learn it by experience? Why?

The bitter experiences of business previous to Credit Bureau organizations showed the necessity for them. Hence, to let business flounder around until it learns by experience would be all too bitter. It is our job to teach business to make better use of the instrument which experience taught, in years past, was necessary. Our present prosperity has resulted more largely from a flow of ideas than from a flow of money. Ideas backed by action moves the world. Ignorance is the daddy of waste, uneconomic conditions, and business abuses. It is our job in business to find out not only what is so but what is not so, and then impart this intelligently to the business world, that it may function there to foster and maintain business as well as to prevent loss.

What is it that has made some business enterprises step out and get ahead, leaving like business institutions trailing behind? Is it alone what it makes and sells? Is it just accident or good-fortune?

"Money and Credit are not mechanisms of finance but are bound up with life and with basic moral problems of every man and woman. Thus high business standards require men who are technicians in the sense of making the connecting link between the golden rule, on the one hand, and the most complicated business transaction on the other."—Owen D. Young.

Can we find the answer to all the above questions in the words of this business genius and world leader?

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It was Owen Young who said that, "It is not the crook in modern business that we fear, but the honest man who does not know what he is about."

I believe that business takes failure or success too much as a matter of fact and with an utter ignorance of the things which ultimately cause the success or the failure. Let us ask ourselves another question: Are the business firms now using our Bureau Services consistently making success or failure? How many firms using our Bureau Services only half-heartedly are successful and end the year with a profit?

Perhaps if we were to inquire closely as to why the one firm used the services consistently and the other half-heartedly, we would find that it was largely in a degree of knowledge as to how to use it.

We hear criticism on big business and about big business, but we must always remember that big business learns how and usually acts with full knowledge of how to do.

President Hoover says, "The greatest waste of all our economic system is the periodic inflationary boom and its consequent ensuing slump, with all their speculation, unemployment and extravagance, for without boom there is no slump. The correction of this waste lies in the prevention of booms. The best protection against booms is that every business man shall have the information so that he may realize its consequent ensuing slump, from the movements of stock, from production and consumption, that the economic balance wheel is moving too fast."

While the above paragraph does not specifically refer to Credit problems, yet a close study of the contents of this paragraph based upon origin in the mind of our beloved President Hoover, we will find a very subtle and intimate hint on some of the questions relating to the difficulties in business which are reflected directly into the Credit problems of business. Booms in business are always reflected in boom sales. Boom production, and production must be followed by strenuous sales effort, and strenuous sales effort are made too often without due consideration for basic questions that are reflected in Credit extended.

The crowd is led by a leader, and through the influence and enthusiasm of prosperity too many sales in boom-times are made without due consideration to information on whether or not the consummate sale will be completed by the ring of the cash register. If we can convince our business men that removing merchandise from the shelves and placing them on the ledger page without due consideration for the ultimate end of the sale by receiving the cash, we have gone a long ways toward educating our business men on their proper use of the Credit Bureau.

"Wanted:—Ten Million Dollars and the right man," reads an editorial in the Jan. 15, 1930, issue of *Forbes*, "to launch an effective movement to arouse American industry into organizing a national institution of industrial coordination for the purpose of bringing about steady employment and inducing industry to

take care of those whose services it enlists. The right man will be of such caliber and character as to inspire the respect of even the largest employers, his sincerity and disinterestedness must be beyond question, etc." All of which means that our beloved President Hoover started something when he made the call for a meeting of business leaders. The meetings thus far have shown that there is still much to learn in order that business may be safe and secure and our nation able to preserve and perpetuate its present prosperity. If the above editorial quotation means anything at all in its institution of industrial coordination, to me it means a learning of how to work together as well as how to do.

If then, in the great national, industrial, and business world there is need for knowledge—how much more necessary is knowledge necessary among the business men with whom we deal?

In my opinion, in our work we have two classes of members—the so-called larger user of our Bureau and the smaller user. Between these two classes are varying degrees of firms that use much or little, or only make an occasional use of the Bureau.

With the larger user of the Bureau, we find he has a Credit Department headed by an executive trained to do a specific job—namely, handling information properly and making it function properly. With the smaller member user, too often there is no specific individual with no specific training found to use intelligently the Bureau's function.

Please do not understand me to say that all of the brains or executive function are tied up in the larger firms, but what I am trying to say is that our difficulty too often is with the smaller firm which has not yet learned to the highest degree, first, value of the information, second, to proper function and use.

A short time ago a paragraph appeared in my weekly bulletin as follows:

THE LITTLE STORE AND LITTLE CREDIT."

The other day we were talking to one of the smaller store proprietors, when he said, "You know the small store seems to feel, because of the 'little credit asked or extended,' there is little need to make an inquiry or hold a membership in the Merchants' Association."

Then he added, "Certainly, this is the wrong idea. I have been a strong advocate of Bureau Service for a long time. My business is small, but if I do not protect it with careful selling and proper selection of paying customers, I am doomed to failure. I have always figured membership in the Credit Bureau just as important as carrying fire insurance. I get a report on every new customer, and if a customer gets to running slow with me I get a re-check. When a business gets too small for protection, it is too small to exist. I have a 'little store' and I extend a 'little Credit' but I want that 'little Credit' good."

Would that we could find more such proprietors of small stores. All business would benefit. Undoubtedly the above experience can be repeated by many small stores—if we only knew.

Enlightened business has learned that the self-same ability which discovers a new star, a new cure, or a new law of nature is also capable of discovering new and better business methods. Business may need experience but it does not need bitter experience. If management today had time for headlines, axioms or epigrams to follow, this might be one: "Get informed—anticipate, adapt, adopt—and keep informed." Another might be: "More and better figures is a good thing for business." Perhaps even this might be improved on and be, "More and fresher figures."

(Continued on page 24)

Declining the Account

An Address By Harold Clark

Credit Manager C. F. Babcock Co., Hornell, N. Y., Delivered Before the New York State Conference of Credit Managers, Elmyra, N. Y., Feb. 12

IN DISCUSSING the problem of "Declining An Account" I would like your permission to start with the premise that it is highly desirable to retain and even strengthen the good-will of the customer whose account you are to decline. For in the average store the volume of cash business far exceeds the amount of charge business. If not today, surely tomorrow, everyone turned down for credit will have cash to spend, and even though he is turned down everywhere in his city, due to an efficient credit rating organization, he will spend his cash with the store that offends him least.

Declining to open a new account presents the easiest problem. The time required to look up references after the application to open an account, gives the credit granter the opportunity to decline the account by letter. While I will admit that the dictation of a masterpiece is not an every day occurrence with even the best in our profession, the writer has time to give thought to each phrase and even make corrections before affixing his signature. Speaking of masterpieces in letter writing, I am reminded of a letter sent by an old Cape Cod skipper to a certain man in reply to a dunning letter. It read something like this:

"Dear Meester: I got your letter about what I owe you. Now be patient. I ain't forgot you. Pleez wait. When some fools pay me, I pay you. If this was judgement day and you was no more prepared to met your master as I am to met your account, you sure would go to hell. Trustin you will do this, I am yours truly"

But to come back to the letter that declines to open a new account. This letter should be written as promptly as possible and must be phrased with an exactness of expression and in a spirit of courtesy that gives the least possible offense. While a letter should give the detailed reason for the action there must be no reflections upon the applicant's intentions. Neither should there be any reference to unfulfilled obligations elsewhere. Such a reference would not increase your chance of obtaining cash business although it resulted in his paying up elsewhere.

Direct reference to the rating bureau as the authority on the basis of whose report the application is being refused should be avoided because of the fact that it places an unpleasant emphasis on the applicant's past record elsewhere. There is a certain amount of healthy influence on the mind of the unacceptable applicant from a turn down which is courteous and firm but which leaves him in doubt as to the source of the information upon which the refusal is based. Probably the experience of being refused is not a new one; but the way in which it is done may be so cleverly worded that Mr. Turned-

down still possess his self-respect in the presence of that particular credit granter.

Upon the foundation of a properly written letter refusing credit may be built a serious effort to obtain cash business. It was the late Mr. Clark (no relative of mine) then credit manager of the Koh-Furchgott Company of Jacksonville, Florida, who so often demonstrated to me how by closing such a letter with a reference to some special sale offering for cash direct sales and continued good-will might be obtained.

To refuse credit and still make a friend is much more difficult when the account must be declined in a personal interview. Such an interview is almost always necessary when a charge is sent to the office on an account which has already reached the limit that is justified by the information at the credit granters' disposal. It is also usually necessary when a charge customer whose account has been closed, because of unsatisfactory ledger experience, asks in person to have the account re-opened.

In many cases the reliance of the credit granter must be on his ability to show his thorough interest in his customer's financial condition. How often have all of us found, after a confidential talk with a customer, that prior obligations if fulfilled leave little for the everyday essentials of food and shelter without incurring additional financial burdens. A by no means unusual example of this type was a certain man who came to us wanting to buy a new suite of living room furniture. He already was under contract to us to make monthly payments on a radio. Our talk revealed the fact that he received \$140.00 per month. Of this he paid \$35.00 a month for rent, \$42.00 a month on an automobile, \$15.00 a month on his radio, \$10.00 a month on an electric washing machine—leaving the magnificent sum of \$38.00 a month for light, heat, groceries and clothing for a family of five. Out of this he proposed to pay ten dollars a month for new furniture.

In a frank talk I was able to show him how we would be doing him a grave injury were we to permit him to obligate himself further until a good share of his former

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obligations had been fully met. An honest man but one lacking in financial sense was thus helped in a constructive way. Later he bought furniture of us and paid for it as agreed. In such cases it should always be kept in mind that the affairs of the customer may improve and that eventually he may be worthy of credit and a good prospect for selling effort.

Even when you are confronted with the case of the customer whose ledger experience has been unsatisfactory, one should always try to bury in an unemphatic way the unpleasant part of the refusal. For while the credit granter must guard his firm against every probable loss he should in a very real sense be a sales promoter. Although the applicant may have a very bad financial reputation he has a certain amount of cash to spend and your firm wants its share.

I often bring out the ledger card and recall thereby to the customer's mind how long he took to pay his former account. He usually has the common alibi of sickness or non-employment. This may be answered by your stating that the firm is always willing to make reasonable extensions of time when applied for with such an excuse, but that complete ignoring of an account or failure to have an understanding is almost always the cause for closing an account.

Arguments with a customer, however, should be avoided. A simple statement, that the terms insisted upon by your firm do not permit you to extend credit to many whom you would like to accommodate, is much better. By drawing attention to the fact that your prices on merchandise do not include the additional expense of long term credits and by calling attention to the advantages of paying cash, you may dismiss him with the suggestion that he give further consideration to the monetary advantages of your cash prices. In most cases he will leave your office retaining his self-respect and you his good-will.

The amount of the down payment presents another way of denying credit without the ill-will producing direct refusal. When you can be reasonably sure that the applicant does not have over a certain amount of cash available, you can always say, "We will be glad to extend you credit. Our terms on such transactions require the down payment of so much" (naming an amount in excess of what you know he is prepared to pay). This gives the credit seeker an opportunity to retire gracefully and consider your proposition. And it is this opportunity to save his face that will save for you his good-will.

Members of an old family of former social and financial prominence, who through financial reverses are reduced to very meager circumstances yet who try to maintain the appearance of prosperity, are exceedingly difficult to handle. Accustomed to the words "CHARGE IT" as the "open sesame" to the fulfillment of their needs, pride makes the task of refusal most delicate. I have tried many methods and have failed in the most of them. Usually the refusal results in a bitterness toward the firm that not only drives away the ones refused

but those friends of theirs to whom in a spirit of revenge have been told unpleasant experiences with merchandise purchased at your store. You are between the horns of the dilemma—loss of trade through revenge or loss of money through the profit and loss account. I frankly acknowledge my incompetence in such cases but recall certain times when I have found a successful way out.

Meeting them on their own ground in terms that they know by sad experiences. I tell of a hard money market, of the extreme difficulty in obtaining the necessary banking accommodations and of high interest rates. I point out how distressed and humiliated we are in being forced to reduce our accounts receivable. How distasteful this is to us when it concerns our old friends of many years standing may be expressed in a way that lines them up with you in righteous indignation against present day banking conditions. Thus by being a clever actor you may turn a prospective enemy into a staunch ally and still guard your profit and loss account from a very certain addition.

In these days of increasing divorce and breaking up of family relations, we are more often confronted with the declining of accounts because of the prospect of legal difficulties in enforcing payment or because of doubtful liability. I see by the program of this convention that we are to have the privilege of hearing this phase of credit granting discussed by an eminent authority—Justice Heller of our own Supreme Court. No doubt we shall be told just when to refuse credit because of the doubtful liability of a responsible party.

In any case we must not lose sight of the probability that whether the difficulty within the family is settled one way or the other, the person whose credit now is undesirable may become desirable again and cash business is always wanted. How often, however, have we all known of women who charged all they could to their husbands out of spite caring little how difficult it would be for us to collect if it only made him pay. Or the husband who closes his wife's account simply to embarrass her not caring for the ill-will of the wife toward the store that must execute his desire.

When you have decided to decline an account because of lack of harmony in the family, frankness is usually the best policy. I try to state in a sympathetic way the legal difficulties that are apt to accrue to the firm under such circumstances, making it perfectly plain that the question is not one of ability or willingness to pay but the firm's reluctance to be drawn into family troubles. Sometimes, of course, it is very difficult to satisfy all parties concerned. The wife whose husband forbids charging to his account but who considers herself entitled to an account in her own name must especially be handled with gloves. If you do not want the account on such a basis, you may plead legal difficulties arising from the possible action of the husband to restrain his wife from paying such an account from funds she might be entitled to receive of him. Even though such an excuse was groundless from a legal standpoint it furnishes to

(Continued on page 31)

Stores Mutual Protective Association Department



By W. H. Jenkins

General Manager Stores Mutual Protective Association, St. Louis, Mo.

WE ARE glad to welcome the new Protective Association organized and operated in New Orleans, under the name of the Protective Patrol.

This is purely a voluntary organization. It is composed of 76 members, all of whom are actively engaged in credit departments of the retail stores of New Orleans. Operating on a chain idea, and each person who receives information calls two others until all are notified. The initial call is made from the credit bureau as soon as they are warned by a member store. Having a larger force and more telephones, the credit bureau calls eight members, but for the rest of the members no one has more than two calls to make.

It is readily seen that with the initial call eight stores are warned, on the second call 16, on the third call 32, etc. With our present membership, in the space of time it would take an individual to make 4 phone calls, the entire membership has been advised of the latest attempt at fraudulent buying or passing worthless checks.

Among the many cases handled successfully in this way, a young man was representing himself to be an aviator, deposited a check with a local bank drawn on a California Bank, and he attempted to make purchases with checks drawn on the local bank. He attempted to buy a Nash automobile, then an Oldsmobile, and did succeed in buying some clothing and jewelry for which he received some change and merchandise. Through the warning of the Protective Patrol he was apprehended in one of the clothing stores, was arrested and served a sentence in the Parish Prison.

Another young fellow representing himself to be a discharged soldier made several attempts to pass worthless checks. Through the warnings of the Patrol he was apprehended and it was found that he had stolen the credentials he had. He likewise received a sentence.

Another man representing himself to be an Army Officer was apprehended after passing some worthless checks in New Orleans and was returned to Baton Rouge, where he was wanted on similar charges and is at present serving a sentence there.

A middle aged lady, with all the appearance and manner of respectability, succeeded in cashing checks in New Orleans drawn on a Shreveport Bank, but through the warnings sent out over the Protective Patrol was caught, and it was found that she had operated all over the country particularly on the Pacific Coast, but had succeeded in many instances in escaping consequences of her action by denying her identity. She used various aliases, but in attempting to work the same game too many times in New Orleans was caught and identified, and at least taken out of circulation for a little while by a sojourn behind the bars as of censure of the state.

E. W. MARTIN, Secretary.

Associated Retail Credit Men of New Orleans,
1511 Pere Marquette Bldg., New Orleans, Louisiana.

The Store Mutual Protective Association of St. Louis offers the following report for the period of 1929 on the arrests and recoveries, apprehensions, etc.: 46 charge account swindlers apprehended, and recovered \$4,230.97, 60 bad check passers, recovered \$1,712.29, 66 dishonest employees, recovered \$3,074.75, 1100 shoplifters, recovering \$10,270.10.

We have received reports from all of the members of the National Organization, except Baltimore and Atlanta. The reports from the other members are as follows:

MEMPHIS, TENNESSEE: 16 dishonest employees apprehended, recovered \$58.00, 33 charge account swindlers, \$304.01 recovered. 191 shoplifters, \$1.50 cash recovered and \$2,076.92 merchandise recovered, 243 bad check passers, recovered \$3,649.33, making a total of 483 apprehended and a total recovery of \$6,089.76.

CLEVELAND REPORTS: Total court cases 544, petit larceny 437, grand larceny 45, fraud purchases 18, violating check law 29, forgeries 2. Cash collected from January 1, 1929, to December 31, 1929, \$3,308.22. This item represents cash collections on bad checks only. They are unable to give us any information as to the amount or value of merchandise recovered through the apprehension of shoplifters, fraud purchasers and house searches, as those figures are not available.

AKRON, OHIO, REPORTS: Shoplifters apprehended 573, recovered \$4,970.27, dishonest employees 42, recovered \$2,040.05, charge account swindlers 54, recovered \$4,871.21, skip charge account swindlers 42; recovered \$5,146.31. Miscellaneous recoveries 4, \$87.50. They made 150 arrests.

DETROIT, MICHIGAN, REPORTS: The amount of arrests of this organization during the year was 523, and the total recoveries, \$27,961.57. Of the number of arrests made 478 were simple larceny, 18 for grand larceny and 27 are charge account swindlers.

PITTSBURGH, PA., REPORTS: From January 1, 1929, inclusive seven of their member stores employed 38 persons who had been discharged by other member stores for dishonesty, and by their system of checking the stores mutual files with the central reference bureau files, the discharged employees are detected at once and the store that is hiring said employee is notified immediately.

A total of 1,024 shoplifters were taken in and of this number 107 were arrested and 917 dismissed, a total of \$13,842.64 recovered in merchandise and money.

A total of 62 imposter charge account swindlers were taken in, and of this number 19 were arrested and 43 dismissed. A total of \$4,913.22 was recovered in merchandise and money.

A total of 103 dishonest employees were caught, 15 of which were arrested and 88 released, and a recovery of \$1,921.47 in merchandise and money.

A total of 86 miscellaneous cases were taken in. This includes bad checks, pickpockets, suspicious persons and receiving stolen goods. Of this number 21 were ar-

Collections and reports in the Cleveland, Ohio, trade area should be routed through and will be gratefully received by our National member—The Cleveland Retail Credit Men's Company, National City Bank Bldg.

This group pledges every individual, agency and bureau member in the United States 100% effort in accordance with policies of the National Retail Credit Association.

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CLEVELAND, OHIO, COLLECTIONS AND REPORTS
Are most efficiently and safely handled through the National member.

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rested and 65 released. A total of \$2,517.50 was recovered in merchandise and money.

There were numerous cases where searches were made and merchandise belonging to other stores was recovered for them; also cases where shoplifters were caught in one member store having in their possession merchandise belonging to another store. There were ten stores to which merchandise was returned to the value of \$3,561.91.

We hope to be able to report the apprehensions, arrests and recoveries from Atlanta, Georgia, and Baltimore, Maryland, in the next issue.

I am very glad to report that I have been called to Cleveland in the past few days, January 24 to be exact, to talk to the Retail Merchants Board there on the question of enlarging and perfecting their Stores Mutual Protective Association. I am quite sure that I am going to hear more and more favorably from the Cleveland Stores Mutual Protective Association. Mr. O. J. Anderson, formerly an Assistant Superintendent of Pinkerton's National Detective Agency is in charge of the work, and under the able assistance of Mr. Gray can hardly avoid making a success of it. We wish them every success and would be glad to be of any assistance if possible.

We also have had inquiry from Amsterdam, New York, and Providence Rhode Island. We have not heard anything definite from Mr. Deremo of Grand Rapids, Michigan, recently.

It is very encouraging to receive these letters of inquiry from the various cities in the United States. It shows that there is at least some tendency on the part of the merchants and their representatives to appreciate the good work that can be done by Stores Mutual Protective Associations.

I had a letter from Seattle, Washington, Mr. W. H. Uecker, recently, and he is still confined to his bed. His address is 312 E. Olive Plaza, Seattle, Wash. It would be nice if you boys would drop him a line.

Large February Failure Totals

Business failures in February showed the usual seasonal decline from the preceding month but were greatly in excess of those recorded in the like month a year ago. Failures reported to Bradstreet's for the month numbered 2,150, a decrease of 9.2 per cent from January, but an increase of 23.7 per cent over February, 1929. Liabilities for the month aggregated \$69,132,491, a decrease of 11.9 per cent from January, but an increase of 11.2 per cent over a year ago. The statistics point to a larger proportionate increase in failures than in January, when the gain over a year ago was only 8.4 per cent, but a smaller gain in liabilities, the January rise having been 39.8 per cent. Failures were more numerous than a year ago in all groups of states except the northwestern and the southern, while smaller liabilities were shown in the middle Atlantic, northwestern and southern groups. The February failure total was the largest ever recorded for the month, but the attendant liabilities were exceeded in 1924 and 1921.

The North Central Conference

The North Central Division of the National Retail Credit Association held its annual conference at Superior, Wis., Monday, Tuesday, and Wednesday, February 17-18-19. Conference sessions were held in the main assembly room of the Androy Hotel. The room was arranged to represent the interior of a railway station. Over the entrance was a painted sign (Creditville) similar to those seen on the outside of railway stations.

The program was arranged in the form of a railway time-table. The cover carried the following: North Central Division Condensed Time Tables, Creditville Railroad, James P. Dugan, traffic manager, Alice Codden, assistant traffic manager. Each day of the conference was named after a special train.

The time-table for Monday, the 17th, was under the caption of "The Character Builder." The train was announced as arriving promptly at 9:01 a. m. at the Creditville station for purpose of registration and leaving at 9:17. The next station, assembly of all delegates, was reached at 9:17 and the leaving time was scheduled at 9:21. At 9:21 the train started on its trip and arrived at other stations at regular intervals until 11:45, when announcement was made that luncheon was served in the dining car.

The Monday afternoon session was headed, "The Capacity Express."

The last train was scheduled to leave Creditville Station on Tuesday morning and was known as "The Capital Limited." At the end of its destination, Tuesday afternoon, 5:01, every delegate in attendance reported a most enjoyable and instructive trip.

Among the outstanding things of the convention was a number of addresses. Full stenographic record of the proceedings were taken and are being offered to members of the National Association throughout the entire country at \$1.00 each. Every member of this association should purchase a copy of the proceedings. The wealth of information will be worth many times the price to any credit executive or bureau manager.

President A. C. Pearson and those who so ably assisted him in the preparation of this novel program deserves the congratulations and compliments of not only the members of the North Central Division, but of the entire National Association as well.

The New York State Conference

The Seventh Annual Conference of Retail Credit Men of New York State was held at Elmira, Feb. 11 and 12. It was very well attended and the program was educational.

Mr. P. H. Mack, Credit Manager, Sheehan, Dean & Company, Elmira, presided and Mr. D. H. Donahue, Credit Manager, J. J. Flanagan & Company, Elmira, was toastmaster at the banquet.

The arrangements were handled by Mr. Chas. O. Eacker, Manager, Elmira Credit Rating Bureau, and a committee of local Credit Managers.



Errors are Reduced When Authorizers See the Salescheck

WHEN your authorizers have the actual salescheck in front of them, and refer it directly to the index, there is little chance of error. Discrepancies in names and addresses are caught and corrected before the merchandise is released.

Visual authorizing is more satisfactory in every way. The customer never knows that her credit is being questioned. There is no possibility of misunderstood names—no confusion in the selling departments. And your charge accounts are protected.

The Lamson Store System speeds the charge check to the authorizer

in a jiffy, just as it speeds cash to the cashiers, and special sales slips and telephone orders to their respective departments. With the Lamson System, all sales are handled in one simple, easy way. Selling costs are lowered and sales volume increased. These vital factors will do much to increase your net profit.

You probably cannot guess at the potential savings possible with Lamson Pneumatic Tubes. However, it will cost you nothing to find out—Lamson experts are always ready to analyze your service, department by department, and to make a confidential report—with-out obligation to you.

THE LAMSON COMPANY
Syracuse, New York

Offices in Principle Cities



Lamson Tubes bring the salescheck itself to the authorizer, who refers it directly to the index. Thus errors are caught and corrected, before the customer leaves the store.

LAMSON STORE SYSTEMS
Speed Sales ~ Safeguard Profit



**HISTORY OF THE
GRAND RAPIDS MERCHANTS SERVICE BUREAU
GRAND RAPIDS, MICHIGAN
ORGANIZED IN 1921 BY THE
RETAIL DEPARTMENT OF THE GRAND RAPIDS
ASSOCIATION OF COMMERCE**

JAMES C. DEREMS, Manager

POPULATION 170,000

Number of Members 1921—16. Number of members 1929—1200.

Income first year—\$12,000. Income in 1929—\$81,901.91.

File Reports issued first year—20,680. Reports issued 1929—158,351.

Special Reports issued first year—none. Issued 1929—13,480.

Capital invested 1921—\$7,500.00. Capital invested 1929—\$55,233.59.

Number of employees 1921—5. Number employees 1929—48.

Floor space occupied in 1921—750 square feet. Floor space occupied in 1929—4200 square feet.

Equipment in 1921, variety of oak furniture. Equipment in 1929, steel throughout, with fireproof cabinets, housing all master cards.

Telephone equipment 1921, three business phones. Telephone equipment 1929—turret system manned by 12 operators; 14 trunk lines, 12 private lines; 5 Telautograph instruments.

Estimated volume of business for 1930—\$100,000.00



Washington Bulletin

National Retail Credit Association

R. Preston Shealey, Washington Counsel, N. R. C. A.
March 1, 1930

FOREWORD

FOLLOWING the return of President Hoover from his brief vacation in Florida it was reported that he called the leaders of both houses of Congress to the White House for the purpose of ascertaining the status of important legislative measures and also to urge them to speed up their activities. The House leaders are understood to have reported that that body is functioning at a better than normal rate in disposing of the major problems that usually confront each successive Congress and that the delay, if any, lies in the Senate. Just prior to these conferences Senator Watson, the leader of the Senate, announced that he fully expected that the Senate would be ready to submit the Tariff bill to the conferees of the House by March 1. Of course, with that measure out of the way for a while, the Senate may be expected to take on new life and dispose of the other waiting major bills with some semblance of speed, although the very next measure following the Tariff bill is that relating to the disposition of Muscle Shoals and the indications are that there will be a considerable battle over it before passage. At any rate it will be interesting to keep an eye on Congress for some little time to come, though efforts are being made to bring about an adjournment before the first of July.

BANKING INQUIRY

Chairman McFadden of the House Banking and Currency Committee has announced that his Committee will begin the holding of tri-weekly hearings on the general subject of group, chain and branch banking problems on February 25. Mr. McFadden is somewhat doubtful as to whether his Committee will progress far enough with the subject matter of the hearings at this session to enable Congress to take action on any recommendations of the Committee. Speaking upon the particular problem to be tackled by the Committee, Mr. McFadden, in his address before the House of Representatives on February 19, said in part as follows:

The immediate problem before us therefore is, shall branch banking be extended, and, if so, how far? Shall it be limited to the States, to the Federal reserve districts, or to the trade areas in which the parent bank is located, or shall it be permitted nation-wide extension without limit?

There is no doubt in my mind that if branch banking is extended so as to permit nation-wide branch banking, chain or group banking will largely become a thing of the past. If branch banking is extended only to the State, to the Federal reserve district, or to the trade-area district, chain banking will not be satisfied but will continue to expand, and this undoubtedly will result in the ultimate control by New York, and possibly Chicago, of all of the independent groups throughout the country, which will mean that we will have chain banking to the extent of controlling ownership in those groups where control can be had; branch banking within trade areas, and unit banking in those localities where its independence can be maintained in competition with the highly developed plans of group and chain banking.

Under this plan the logical question is, what becomes of the Federal Reserve system?

We find at the present time, with this development advanced as far as it has, that the City of New York can largely dominate and control the election of the directors of the Federal reserve bank in the second district.

We find in the Twin Cities of the Northwest—St. Paul and Minneapolis—through the control by the Northwestern Bank Corporation of the banks in several of the adjacent States, that they can dominate the election of the directors and thus control the management of the Federal reserve bank for their district.

Therefore, we must bear in mind that in any grant of authority to extend branch banking the question is bound to arise, what will be the future of the Federal reserve system?

DEPARTMENT OF COMMERCE Permanent Credit Bureau

It will be recalled that the last bulletin of the Washington Office, published in the February number of THE CREDIT WORLD, contained an announcement of a meeting held at the Department of Commerce on Jan. 16, 1930, during which the Department was urged to establish a permanent Bureau of Credits. On February 10 the Department issued an announcement to the effect that it had definitely decided to maintain a permanent office to collect and publish nation-wide reports on retail sales and Credit trends. The following newspaper release was made in connection with that announcement:

Current check on the trend in consumer buying and retail credit will be possible after July, 1930, William L. Cooper, Director of the Bureau of Foreign and Domestic Commerce, stated today in announcing that his Bureau has found it possible to comply with the request of the National Retail Credit Association to collect nation-wide reports on retail sales and credit trends semi-annually.

This decision, Mr. Cooper pointed out, follows a petition to the Department of Commerce by the Association, reflecting the wishes of a large proportion of the retail establishments of the country, which stressed the importance to business as a whole of making available this "extremely useful information," on a regular basis. Appreciation of the "great value" of the statistics gathered by the Department in the recently completed National Retail Credit Survey, the results of which are now being prepared for publication, was expressed by Justin H. Edgerton, President, and David J. Woodlock, Secretary of the National Retail Credit Association, as well as other men in urging that this work be placed on a permanent footing.

This work which was started in 1928 with the cooperation of Credit men throughout the country has brought together a large fund of specific information on existing credit practices and their results. Analysis has been made of the net sales of approximately twenty thousand establishments with total sales in the neighborhood of five billions of dollars. The kinds and extent of retail credit, credit losses, use of credit bureaus, use of finance companies, extent of returned merchandise, extent of installment credit and collection percentages have been ascertained. The original survey was expanded at the request of credit and

Collections and reports in the Cleveland, Ohio, trade area should be routed through and will be gratefully received by our National member—The Cleveland Retail Credit Men's Company, National City Bank Bldg.

This group pledges every individual, agency and bureau member in the United States 100% effort in accordance with policies of the National Retail Credit Association.

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business specialists to include also studies of the causes of retail failures and of bankruptcy in Louisville, Philadelphia, Newark, and Kansas City.

In accordance with the decision to gather this type of information semi-annually, beginning July 1, next, questionnaires are being prepared and will be ready soon for starting the preliminary work of the project. They relate to subjects such as the percentage of business done on a Credit basis, the promptness with which accounts are being paid, the value of each month's sales, the extent of installment sales, losses from bad debts, the losses caused by fraudulent buying and fraudulent checks, and similar data which the Credit men say are easily obtainable and represent information which will be of very definite value to the business men who will cooperate in their collection. Losses caused by the acceptance of fraudulent checks and other associated methods of obtaining money or merchandise will be ascertained for the first time in addition to the usual figures on losses from bad debts.

More detailed information regarding the problem of returned merchandise, the importance of which has been indicated in preliminary studies, will also be sought in the new semi-annual surveys.

Describing current timely Credit information as the "hub of business," James R. Hewitt, Past President of the National Retail Credit Association, acting as spokesman for the Credit men, expressed the opinion that the information desired represented "one of the most potent factors in eliminating waste and in helping retail trade generally toward stabilized prosperity." According to Mr. Hewitt, "it will be of value not only to merchants who cooperate but to the whole range of business and its intelligent application by the trade will be of inestimable value to the consuming public."

The semi-annual data will be gathered from seven types of retail stores consisting of furniture, department, jewelry, men's clothing, shoe, women's specialty, and electrical appliance stores, through the cooperation of the local credit bureaus and the District Offices of the Department of Commerce. Merchants in the following twenty-three cities will be asked to cooperate in furnishing the information: Atlanta, Baltimore, Boston, Chicago, Cleveland, Dallas, Denver, Detroit, Indianapolis, Kansas City, Los Angeles, Louisville, Minneapolis, New Orleans, New York, Philadelphia, Pittsburgh, Portland, Ore., Richmond, Va., St. Louis, San Francisco, Seattle, and Washington, D. C.

CHAIN STORE OPPOSITION

On February 13, last, a committee representing retail grocers and meat dealers called upon Attorney General C. A. Sorensen, of Nebraska, and urged that action be taken against chain stores in that State under a law which prohibits the sale of products in one locality at prices lower than in other localities for the purpose of putting a competitor out of business.

Senator Brookhart, of Iowa, recently called the attention of the Senate to the organization in Texas of an anti-chain store association and pointed out that "one of the most acute forms of monopoly in the United States at the present time is the question of chain stores and chain banking." He announced that he had received telegrams from other parts of the South telling of plans for similar organizations. Senator Brookhart was the author of the resolution directing the Federal Trade Commission to investigate the activities of chain stores.

RECENT COURT DECISIONS

Taxation

The Circuit Court of Appeals of the Eighth Circuit has recently rendered a decision in the case of Northwestern Jobbers' Credit Bureau v. Commissioner of Internal Revenue, which is of considerable interest to the numerous retail and wholesale Credit Bureaus operating throughout the country. In its decision, the Circuit Court sustained the previous decision of the United States Board of Tax Appeals (Northwestern Jobbers' Credit Bureau, 14 B. T. A. 362), wherein that Board

held that the Credit Bureau was not an exempt corporation within the provisions of section 231 (7) of the Revenue Act of 1926. That section exempted from taxation "(7) business leagues, chambers of commerce, or boards of trade, not organized for profit and no part of the net earnings of which inures to the benefit of any private shareholder or individual." The following quotation from the decision of the Circuit Court will indicate the position the Court took in arriving at its decision:

The testimony shows that the corporation has been operated at a very substantial profit in some years and at less in other years. The net profits have become a surplus fund and are used by appellant to further its activities but appellant contends that no part of the earnings inure to the benefit of any shareholder or individual. It is true that no dividend has been paid directly in money or property but the shareholders have received very substantial assistance by the use made of the surplus by the appellant. One of the definitions given by Webster's International Dictionary of the word "inure" is "to serve to the use or benefit" ***and a profit can result to the stockholders in other ways than dividends. *** Shareholders and other individuals receive the benefit of these services, which are valuable and reasonably necessary to the proper conduct of their business. To the extent that they are provided at the cost of appellant and not compensated for by the recipients, they are a burden and loss to the net profits accrued and accruing to appellant. The net earnings of appellant in this way inure to the benefit of its shareholders and to private individuals."

The District Court for the Southern District of Indiana has held in the case of Lafayette A. Jackson v. State Board of Tax Commissioners of The State of Indiana et al., that the chain store tax law of that State is unconstitutional in that it would "deny the owner of more than one store of the equal protection of the law, as guaranteed by the Constitution of the United States, and will deprive him of his rights under the constitution of the State of Indiana."

It Pays to Take Discounts

The National Association of Credit Men has compiled a table showing the earnings open to retailers who will take advantage of various discounts offered for cash payment of bills. Here are the annual interest returns of savings thus made:

½%	10 days, net 30 days.....	9%
1%	10 days, net 30 days.....	18%
1½%	10 days, net 30 days.....	27%
2%	30 days, net 4 months.....	8%
2%	10 days, net 60 days.....	14%
2%	30 days, net 60 days.....	24%
2%	10 days, net 30 days.....	36%
3%	10 days, net 4 months.....	10%
3%	30 days, net 60 days.....	36%
3%	10 days, net 30 days.....	54%

The most commonly used discount is 2% for cash within ten days or net payment in thirty days. As shown above, money invested in such discounts yields a return of 36% annually. Many merchants prior to the stock crash last fall had ceased taking discounts, and were using their money for speculation. But it is doubtful if any of them made as much as 36% profit on their investments.

Creditentials

(Continued from page 12)

receive diplomas of achievement. How? That is up to you. A keen business sense will tell you whether Johnny Jones or Tillie Smith show improvement to a point where additional responsibility or increased compensation is indicated. Be that as it may. By all means, call the young one in your office or write a short note indicating your satisfaction over the zealous attention to the job, the loyalty to work, displayed. It makes one feel mighty good to know the boss appreciates some effort above and beyond the call of duty.

Every hour spent in the class room means more production, economy of operation and more profit to you.

The average Retail Credit lecture series covers fifteen weeks, two hours per period, a total of thirty hours in class. Not quite four days work on a regular eight hour basis. This accounts for class attendance only, the hours of study at home probably total the same.

The most important factor in this educational work is practice and not theory. Each lecture starting with "Definition of Retail Credit" and closing with "Credit Problems" is delivered by an experienced Credit man. Not dogma from a book only, but the live observations of an outstanding executive. Upon conclusion of each lecture an open forum quiz is held, which presents to each student the opportunity of asking questions and clearing up problems.

The educational program of the National Retail Credit Association in 1929-1930 is classed as one of the major achievements of the body.

Every day thousands of Credit employees are in training to qualify for handling the millions of dollars worth of business transacted on a retail basis in years to come.

If your city does not conduct a Credit class, why not organize one now in time for the Spring Semester? Write the national office for details. Nowhere can you find a job with so slight an effort demanded that will pay dividends of such great importance.

Advance Registration for Toronto Convention

This year, in order to avoid last minute confusion and prepare a proper list of delegates, we have arranged for advance registration.

Members expecting to attend the convention should ask the National Office for a registration card, fill it out and return with the fee of \$10.00, which covers all expenses of banquet and entertainment.

When you arrive in Toronto, an envelope bearing your name and containing the official badge, program, reports and tickets for various functions, will be handed you. No waiting or confusion.

Utica Selected For Next New York State Conference

The delegates to the Seventh annual conference of Retail Credit Men of New York State selected Utica, N. Y., as place for holding the Eighth conference.

BECAUSE "MUN-KEE PADS" ARE DIFFERENT—

And because we want you to note their superiority for yourself, we will be glad to send you one of these pads on trial.

Use it on your desk for ten days and if at the end of that period you are not convinced that the "Mun-Kee" is the finest stamp pad you have ever used, you are at liberty to return it at our expense and no charge will be made.



The "Mun-Kee" Silent Stamp Pad is scientifically constructed so as to give you the utmost efficiency and greatest durability at a low cost.

It is made with rubber base to prevent scratching of desk-inking surface that is reversible and replaceable—unique method of re-inking which is clean and simple—all for the price of \$1.50.

TRY ONE TODAY!

[If your stationer or rubber stamp dealer can't supply you, fill in the attached coupon]

MUN-KEE PRODUCTS CORP. Newark, N. J.

Mun-Kee Products Corp.
Newark, N. J.

Send me a Mun-Kee Stamp Pad on trial. If not satisfactory I will return it in good condition in ten days or pay the regular price of \$1.50.

Name _____

Address _____

Color-pad _____



Teaching the Necessity

(Continued from page 14)

This leads to the question, of course, of the Credit Bureau, either having at hand or be willing and anxious to find the most up to date and fresh check-up on all information given to the members, so that he may know when he receives the information that it is up to date today, not a week ago or a month, or a year ago, but today. We secretaries know that it does not take more than 24 hours for some folks to get so heavily involved in obligations and debts that it will take them from six months to two years to pay out in the usual way. Hence the statement above, "More and fresher figures."

Again, when we are dealing with this average member, or the smaller firm, we must remember that he has assumed many details of his particular business because of its character or size. This, to me, makes the Bureau more obligated to such a firm in order that we may help such a firm grow and develop into one of the profitable institutions of the community. Such an individual is sometimes criticized and complained of because he has his nose to the grindstone. However, we must remember that the fellow who keeps his nose to his own grindstone is not sticking it into somebody else's business, but our job is to get him to use his own grindstone for better use than simply sharpening his own nose. Other portions of his anatomy besides his nose must need repair. Our job is to repair and keep the entire business institution running smoothly. Only as business educates itself to higher standards of ethics and efficiency will the masses of people learn to respect and give it patronage. Someone has remarked that three-fourths of the mistakes a man makes are made because he does not know the things he thinks he knows. If this is true, how can we help our members to know distinctly and definitely the use and some of the technicalities of our Bureau work.

Why does a business firm either ignore, neglect, or refuse to call the Bureau for information until after he is decided said account is an utter loss. Is it lack of intelligence or one of confidence in the Bureau itself? Do business men follow facts and information when given to them? Do you have trouble in getting your members to believe the information which you have compiled? If so, why? I am inclined to think that we find many mistakes, not only when a report is bad, but some of our good reports on a good credit risk, mislead business in the wrong direction.

If we are to teach the merchants and Credit managers the necessity of properly interviewing the applicant for Credit, opening the account, and intelligently using the Bureau's service, I firmly believe that we will have to teach them much of the details about what is found in our Bureaus; the source of this information; how it is compiled; and then how we disseminate that information.

In turn, we must teach the member to view Credit extension in a broader way, and teach him to recognize that frankness with his customer in discussing Credit

problems will not only mean better accommodations to his customer, but a greater freedom in the great distributing problems of merchandise in all lines. It is a big problem, and its solution depends largely upon how well we adapt ourselves to our problem, how sincerely and conscientiously we work with our membership, and how nearly we are able to gain the utter confidence of our member.

Truly this is a big job.

St. Louis Invites National Retail Credit Association

The St. Louis Retail Credit Association, the Mayor of St. Louis, the St. Louis Chamber of Commerce, the St. Louis Convention and Publicity Bureau, the Advertising Club and in fact all of St. Louis extends a most hearty and cordial invitation to the National Retail Credit Association to hold its 1931 convention in St. Louis. It is the hope of the St. Louis Association that the members of the National will give careful consideration to this invitation.

Certainly, there is no city in the United States more centrally located, with better transportation facilities than St. Louis. This fact alone assures you that you would have one of the largest and best attended conventions in the history of the organization; the hotels of St. Louis are equipped to take care of the needs of the convention and St. Louis offers opportunities for entertainment that cannot be duplicated anywhere in the country.

Everyone is desirous of seeing the famous collection of Col. Lindbergh's Trophies. They are housed at the Jefferson Memorial in St. Louis, and the other attractions, such as Shaw's Garden, the Mississippi River, the Zoological Gardens, etc., are known to those throughout the length and breadth of our land, and the desire of people from all parts of the country to become better acquainted with these things has always meant a large attendance for conventions held in St. Louis.

The month of June is especially suitable as you would have an opportunity of witnessing the Municipal Opera, held in the Municipal open-air theatre in Forest Park. Imagine, if you can, an open air theatre seating 10,000 people with a stage 120 ft. long and 90 ft. deep with a Symphony Orchestra of 50 pieces accompanying a cast of 120 people. One of the many visitors in St. Louis who viewed and admired this attraction, recently said in a published article: "We found the theatre itself a gem in a setting such as no jeweler ever conceived, so beautiful are its surroundings. We found it a tremendous factor in civic musical culture, yet providing its education in sugar coated form, as it were." An Eastern critic states: "Certainly there is nothing in all America like the St. Louis Municipal Opera. I saw an opera made an art that is living and vital, and an art for all the people instead of a society function at prohibitive prices."

The members of the St. Louis Retail Credit Association invite you and we sincerely hope that we will have the pleasure of having you as our guest in 1931.

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I am the Foundation of Prosperity!

I AM the lifeblood of business—the buying medium of millions of consumers. I keep the industries of the nation at work, providing employment for everyone.

I am the wheel of finance, providing a steady flow of income to the worker, the merchant, the manufacturer, and back again to the worker. I am the foundation of prosperity—
I AM CREDIT!

Help keep the nation prosper—our—pay retail bills promptly.

National Retail Credit Association
Executive Offices Saint Louis

The "Who's Who" of Business

NO T all of us have our names recorded in "Who's Who" or the Social Register—but All of us, whether in high or low estate, are catalogued in the "Who's Who" of Business—the records of the Retail Credit Bureau. Here on a little card is kept the life history of your credit record—of how you meet your obligations or don't.

"Prompt Pay," the highest tribute in the "Who's Who" of Business, is the record of those who pay retail bills on the 10th of each month.

National Retail Credit Association
Executive Offices Saint Louis

"O.K."—What it means

THAT little notation, "O.K.", on your charge slips, is the badge of honor of the retail charge account.

It means that your credit is good—that you pay your bills promptly and according to promises.

It means that the merchant has confidence in your integrity.

"O.K." is the index of your credit record. Protect it and preserve it—pay retail bills promptly.

National Retail Credit Association
Executive Offices Saint Louis

Credit is Faith in Humanity

CREDIT—derived from the Latin *credere*: I believe—is based on faith—faith in people—faith in their character and determination; as Emerson says, "pay every debt as if God wrote the bill!"

And he who justifies that faith, who pays his bills according to terms and promises, builds a credit record that is priceless.

Credit, never abused, is never refused. Pay retail bills promptly.

National Retail Credit Association
Executive Offices Saint Louis

Like the Sterling Mark on Silver!

A GOOD credit record is like the "Sterling" mark on silver—identifying its possessor as one of sterling character. Your credit record—your credit standing in your community—is the measuring line by which you are judged, especially by those in business.

"Pay promptly" is an identification mark of unquestioned integrity—like the "Sterling" mark on silver. Prompt payment of retail bills—on the 10th of each month—is the foundation of a high credit record.

National Retail Credit Association
Executive Offices Saint Louis

The 10th of the Month Is Merchants' Pay Day!

THE retail merchant is a public servant. He serves you faithfully and well and, like any other faithful servant, expects his payment when due.

Retail charge accounts today are based on standard monthly terms: Each month's charges are due on the 10th of the following month.

Whether you are an employer or an employee, you know what "pay day" means!

The 10th is the merchant's pay day. Pay him promptly. Prompt payments promote prosperity and protect your credit.

National Retail Credit Association
Executive Offices Saint Louis

A New Series of Credit-Education Inserts To Promote Customer-Understanding of Credit

The new inserts reproduced above (one-half actual size) will help you to overcome the public's lack of credit-understanding—providing convenient, inexpensive "prompt-pay" messages that you can enclose with all your statements and collection letters.

Inoffensive

In polite, polished wording, they show the customer the bright side—the advantage of paying promptly. You can enclose them with all your statements without hesitation—without fear of offending any one.

Six inserts in the series—printed in two colors: Borders and initials in red, balance in black. Size 3 1/8 x 6 inches, to fit statement envelopes.

Prices: \$2.50 per thousand—\$2.00 a thousand in lots of 5000 or more. Postpaid

Inexpensive

You can reach your customers with one of these educational messages at a cost of only two-tenths of a cent per customer! If you have, say, 10,000 customers, you can send one of these inserts with your statements every month—a complete "prompt-pay" campaign of your own—for only \$20.00 a month!

Lower Collection Costs

They cut collection costs, too. Collection letters cost money—so do telephone calls and collectors' calls. Anything you can do to promote prompt payments is going to eliminate that much of this dead expense. And quicker collection turnover means faster capital turnover—more profit.

NATIONAL RETAIL CREDIT ASSOCIATION
1218 OLIVE ST. SAINT LOUIS

Killing the Cost of Accounts Receivable

(Continued from page 6)

STATEMENT OF AIM

There has been chosen for me tonight, the subject "Killing the Costs of Accounts Receivable."

As I told you in the beginning, what I am about to say may be reasonable or unreasonable in application to retail credit work. I want you to THINK about it, and form your own conclusions and solutions.

Now just suppose I were to make this assertion. "I, as a Banker, say that your Accounts Receivable are not worth 50% of their book value to me." Would you not quickly refute the assertion? You would, but could you, at this minute, tell me what they are worth to a Banker? Now again, suppose I insisted upon proof. Could you give it to me? And how would you go about it? Again, suppose that your collection per cent is 48% for December; and I ask you why 52% of your outstanding at November 1st was not collected; could you tell me?

Now, just THINK ONE MINUTE. Suppose your Chief asked you for this information, and YOU COULDN'T TELL HIM? I tell you, young men and women, TODAY—opportunity is knocking at the doors of your profession for THINKERS, and DOERS. Be prepared for him when he comes. Better still, beat him to it; make your own opportunity by being alert to conditions as they are, or, shall exist, tomorrow. Be prepared to voice your opinion in the councils of your respective stores, when policy is being created. Make the HOUSE POLICY the servant of the Credit-office, rather than be subservient to its dictates. And this can only be accomplished by THINKING—and—WORK.

Let us get back to the subject again: "Killing the Costs of Accounts Receivable." Before we can attack this monster, let us ascertain what he is made out of; better still, let's determine his percentage, as it were.

Accounts Receivable are born of CREDIT and the parentage of CREDIT is, HUMAN NECESSITY as its Grandfather, and HUMAN CONVENIENCE as its Grandmother. The offsprings of this grand old venerable couple are the CREDIT TRIPLETS, CHARGE ACCOUNT, CREDIT EXTENSION ACCOUNT and INSTALLMENT ACCOUNT. The characters of this enormous Accounts Receivable family differ according to their respective parentage. The offspring of CHARGE ACCOUNT are the PROMPT PAYERS. The offspring of the CREDIT EXTENSION ACCOUNT are the SLOW PAYERS. The offspring of the INSTALLMENT ACCOUNT are the TIME PAYERS, and the blackguards of the entire Credit family are the DEAD BEATS AND SKIPS. And so we have grown the FAMILY TREE OF ACCOUNTS RECEIVABLE.

The root of this tree is BANKING MONEY. The sap that courses through its trunk and branches is LABOR.

The foliage is "CONFIDENCE IN THE HONESTY OF PEOPLE."

The fruit is either PROFIT OR LOSS.

The consumer of the fruit is THE RETAIL BUYING PUBLIC AND THE MERCHANT.

THE PARASITES THAT DESTROY THE GOOD FRUITS ARE "COSTS."

The COSTS are twofold; Credit operating COSTS, and borrowed money COSTS.

Before we begin our campaign against the parasites of Retail Accounts Receivable, let us determine just where Retail Accounts Receivable fits into the economic structure of Manufacturing, Fabrication and Distribution. It is obvious that its place is in the DISTRIBUTION division of the economic picture. Now, let us see what part it plays in Distribution:

According to information I have read somewhere, the National Association of Retail Credit Men estimates the value of all Charge Account business in the nation, to be 63% of the entire retail distribution, annually. Further, it is assumed that retail sales in the country is 43 billions of dollars per year; and, of this amount Economists have recently declared "that 20%, or 8 billions of dollars represents unnecessary cost of distribution. That is to say, the Consumer is obliged to spend annually, eight billions of dollars for something he cannot eat, wear, use, or even identify—namely, the economic waste of bringing the things he wants to his convenience and attention and inducing him to buy them. This eight billions, observe, is not the cost of distribution; it is only the unnecessary part of that cost. In place of it, people might be consuming each year, goods to the value of eight billions more." So, if retail charge account business is 63% of all retail sales, it amounts to 27 billions. Then, the economic waste in the charge business would amount to five billions, plus.

Retail distribution is under fire at the present time. Economists have put it on its knees and are making it look at itself critically. Briefly, their indictment contains these specific counts:

1. That the cost of retail distribution is eating up benefits of scientific machine production.
2. That this cost is tending to rise, rather than to fall.
3. That it is governed by ideas that are fifty years obsolete.
4. That it has no social principle.

Whether or not this indictment will bring a verdict of "guilty," I cannot say. It is rumored, however, that

Collections and reports in the Cleveland, Ohio, trade area should be routed through and will be gratefully received by our National member—The Cleveland Retail Credit Men's Company, National City Bank Bldg.

This group pledges every individual, agency and bureau member in the United States 100% effort in accordance with policies of the National Retail Credit Association.

—REMEMBER—

CLEVELAND, OHIO, COLLECTIONS AND REPORTS

Are most efficiently and safely handled through the National member.

(Return to us unanswered all direct inquiries.)

the situation is serious enough, that President Hoover has instructed the Secretary of Commerce's Office to make an exhaustive study of this vital situation.

THE COSTS OF ACCOUNTS RECEIVABLE

Assuming that the figures which I have quoted are authentic, can you comprehend mentally, what part of five billions of dollars of economic waste charged to distribution can be laid at the door of the Credit Department, and the Accounts Receivable of general retail business? Credit men and women, here is something to THINK ABOUT. What part of this economic indictment can be laid to the cost or waste in Credit granting?

I have already declared, the parasite which destroys the fruit of the family tree of Accounts Receivable is COSTS. And, that these costs are twofold—Operating Costs, and Borrowed Money Costs.

I am not going to tire you with a lot of statistical figures which are already understood and acknowledged by you to exist, to support my declaration. Rather, we will just review together, the major items which enter into the Costs of Accounts Receivable. Let us first take the costs of CREDIT OPERATION.

First, we have the items necessary to bookkeeping of accounts; its applications, credit-clearances, authorization files, ledger sheets, binders, transfer and supplies; its bookkeeping machines, racks, safes, and miscellaneous other items. Then its adjustment department, with com-

plaint forms, stationery and postage; the monthly statements and their postage.

Secondly, we have the labor cost to utilize all these forms and machines and correspondence; and the supervision to keep them moving in orderly fashion. These are the costs of the *good* Accounts Receivables, manifested in the 30 day Convenience Charge Account.

Next fellows, the CREDIT EXTENSION DEPARTMENT. This is a "coined" department of my own making. I feel that you must have wondered when I made *this* part of the three divisions of the family tree.

CREDIT EXTENSION DEPARTMENT

If it were practicable, and I were a Credit Manager, I would divide my CREDIT DEPARTMENT just so. In the Charge Account Department, there would be carried only the Customer's accounts whose bills were paid in full before the 29th of the following month. In the CREDIT EXTENSION DEPARTMENT ALL ACCOUNTS which were one to six months delinquent, and those customers who habitually made partial payments on their accounts, would be carried. And in the Collection Ledger, would be carried, all accounts which were delinquent seven months or over, and all skips, suspensions, and all others, not charged to Profit and Loss.

In the INSTALLMENT DEPARTMENT would naturally be carried all "time-payment" accounts, which were not sufficiently delinquent to be transferred to the Collection Ledger.

Chicago Collections

Should be sent to the

Credit Service Corporation

Collection Department of the Chicago Credit Bureau, Inc., and Credit Reference Exchange, Inc.

The Official Credit Reporting Service of the

Associated Retail Credit Men of Chicago

35 So. Dearborn St.
Chicago, Ill.

Telephone, Randolph 2400
Credit Reports Collections

WHATEVER ITS UPS
AND DOWNS, LIFE IS
BEST PLAYED ON
THE LEVEL.

FOR SALE

Credit Reporting Bureau in town of 10,000 inhabitants. Only bureau in state that can be bought at such a low price. Good location, but town needs strong leadership. Box R, Credit World.

CREDIT BUREAU WANTED

Want secretaryship of Merchant Owned Credit Rating Bureau in substantial city or will consider purchase of private owned bureau. I am a man 34 years of age, of good reputation, with many years of experience in handling retail credits and bureau work. Have the ability to manage any size bureau, put it on a paying basis, and give the service that merchants are entitled to. A-1 references. Address Box T, Credit World.

Your Collections

...in...

Detroit

Will receive the best attention possible if sent to

The Merchants Credit Bureau, Inc.

The largest collection department in the city devoted exclusively to RETAIL ACCOUNTS

The benefits accruing in placing your accounts with an organization owned by the merchants, for their protection, are self-evident.

Rates Reasonable
Safety Assured

Address:

MERCHANTS BLDG.
206 E. Grand River Avenue



50c



50c



75c

**Members of the
N.R.C.A. will find
our emblem on
their letter heads,
bills, and state-
ments put the pow-
er of the National
Organization back
of their collection
efforts**

**THESE CUTS FURNISHED IN THREE SIZES
TO MEMBERS ONLY**

**NATIONAL RETAIL CREDIT ASS'N
1218 Olive St.
ST. LOUIS**

JUST THINK about this new division for a minute. I'll qualify the Department again—if it were feasible, to segregate all the PROMPT PAYING CHARGE CUSTOMERS from all other Accounts Receivable Customers, it would eliminate the handling of such accounts in all Credit Department collection activities. A monthly inspection would be the only requirement necessary. And further, it would be a good check on the paying habit of new Customers, because each new account opened, would automatically enter into this division and remain there until it showed delinquent tendencies. Such an arrangement of accounts would also provide an automatic authorization for credit purchases of the Customer in this division.

However, there may be too many obstacles in other details of credit-office operation (with which I am not familiar) that would prohibit such a division of accounts. I have just manufactured a hypothesis, an ideal condition to eliminate lost motion, in order to MAKE YOU THINK. Let us go on further. In this Credit-exten-

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sion Department, would be all accounts which were really and truly CREDIT ACCOUNTS. The cost of operating this department would be greater than in the Charge Account Department, not only in additional labor and supplies, but also in the cost Bank—money maintenance; because the money to carry these accounts would have to be borrowed from the bank at the prevailing interest rates; and properly is a charge to the Credit Department. In this department, the Credit man would really function in his professional duties. Here, is where strict vigilance over the accounts would be absolutely necessary. Every charge, purchased against one of these accounts would have to be ok'd; and the real powers of discrimination would have to be exercised. Constant credit-pressure would have to be exercised to keep these accounts in even semi-liquid conditions; and to prevent them from mounting and eventually going into the Collection Ledgers for urgent follow-up. These accounts would be your "sick-debtors," and as such, each account would be given a complete diagnosis, and the necessary treatment prescribed for it before it became a chronic case of delinquency. In this department there would be segregated the accounts of many WORTHY PEOPLE of good repute and well qualified, who, because of temporary circumstances would require temporary credit extension. And, due to their past record of prompt payment, they would be justly entitled to credit extension. In this department would also be the names of many PROMINENT PEOPLE who could pay their bills promptly, if they were taught to do so. Some of these people have traded with your stores for twenty years or more, and have acquired the habit of partial payment, or 90 day settlement, not because of financial necessity but because of tolerated delinquent practice. These people do not think of the additional cost of operation their paying habits create, or, they do not care. They know, you know, they are "good" for the amount due, and so long as you do not ask for the money, they should worry about it. The "cost" of carrying such accounts, both in operation costs and bank interest, is a large part of the economic waste of retail distribution. There is another group of retail customers who would be found in this department. They are the people who are living beyond their income,—who are keeping up with the Joneses, who are operating with unbalanced budgets, or who do not know the meaning of budget operation. Ladies and Gentlemen, these are dangerous accounts to have on your ledgers. These are the embryo of the bankruptcy cases you will eventually write off into profit and lose; either through the courts or through the Collection Ledgers as skips or deadbeats. And this class of accounts adds to the costs of Accounts Receivable.

Just visualize for a moment, please. If such a segregation of accounts were possible and practical, and the Credit Manager could have them correlated into the Credit Extension Ledger or ledgers, where they would be constantly under his scrutiny and supervision, how much more efficiently he could operate; how many less ledger pages or cards he would have to handle. And fur-

ther, if each of these ledger sheets carried the name of the occupation or vocation of the customer, how much more intelligently the credit-grantor could analyze the causes of the delinquencies (if he knew the existing economic conditions) and be governed accordingly. The intelligent handling of such accounts would undoubtedly cut off the cost of credit operation. Constant contact with this class of customer would probably improve their paying habits, much to the credit of your department.

COLLECTION DEPARTMENT

Attached to this branch of the family tree is the Collection Ledger or Collection Department. The total cost of operation in this division of Accounts Receivable is the *master glutton of profits*. It matters not, from what cause or circumstance that an account enters into this classification, it costs money; it detracts from sales profit; it is the paramount parasite upon the tangible worth of your Accounts Receivable Asset.

INSTALLMENT ACCOUNTS

The third branch of this family tree is divided into two units. One unit is the Deferred Payment Account, used mainly by retailers who list and sell their merchandise at "cash prices," plus a carrying charge for "extended terms." The other unit is the Concerns, commonly known as Installment Houses; in which the merchandise is "marked up" at cash prices and, AN EXTRA "MARK UP" is ADDED FOR CREDIT EXTENSION AND LOSSES AND CONCEALED IN THE ADVERTISED SELLING PRICE TO THE PUBLIC. For the first unit, namely, the Deferred Payment Plan, it is my candid opinion that this plan is the most economically correct credit merchandising plan in existence today. The economic value of this plan lies in the fact that *it is not a parasite* upon the profits embodied in its Accounts Receivable; *it is not an imposition* upon the Cash-buying Customer; *it is not*, merchandise sold with a cost of "distribution waste." The Customer *pays for the privilege of "Term payments" and knows how much he pays for the Credit privilege.*

The Installment Plan of merchandizing however, violates every major virtue of the Deferred Payment Plan. Its practices are unfair. To conceal the Credit cost that a customer must pay for *extended terms* in the selling price of the merchandise, is as unfair as to fill a crack in a table top with putty and varnish the blemish out of sight until the table is in the customer's home. Sooner or later, the customer would discover that she had been deceived in the table, and sooner or later, the retail-buying public is going to realize that it has been hoodwinked in the purchase of Installment Credit. The Installment Plan of merchandizing, in my opinion, is one of the greatest of the economic wastes in distribution; because it diminishes the purchasing power of the customer's dollar, to the extent of the difference between the actual legitimate cash price the article should be sold at, and the installment selling price which the public is compelled to pay for the same article.

NOW, JUST LET US PAUSE AND THINK ABOUT THIS FOR A MINUTE.

A New Book

"Retailing Tomorrow"

By JOHN GUERNSEY

A book written by a man who knows
A store executive and student of retailing
It is a review of yesterday's methods
An analysis of Today's and a vision of the future

Every retail merchant and student of merchandising should read it.

FIVE DOLLARS PER COPY

ORDER FROM
National Retail Credit Association

1218 OLIVE St., ST. LOUIS

SUMMARY

Let us go back and summarize these parasites of costs that do feed upon the value of your Accounts Receivable.

First, the GOOD Charge Account; the least of all the plague. Here we have the initiatory costs of Credit investigation, the subsequent cost of bookkeeping, and continuously the monthly statements, cashiering, et cetera.

Second, the Credit Extension Department; with the same initiatory costs, bookkeeping, statements, et cetera, plus the additional cost of follow-up and bank interest.

Third, the Collection Department which is all costs. And finally, the Installment Plan, which deprives the customer of a portion of the purchasing power of his dollar. And please note, that I have purposely omitted the Deferred Payment Department, where the "carrying charge" system is used.

We are not going into the details of these costs, and their proportion to the total charge sales, because of the statistical research involved. Each of you Credit Managers knows how much it costs you to operate your department. And if you don't then I would advise that you ask your boss. He'll be delighted to learn that you are taking an intelligent interest in your work.

Undoubtedly, many of you have been silently saying "it doesn't cost our firm anything to carry delinquent accounts. We add the cost of Credit operation into the amount of our mark-up, and get our money back, through subsequent sales."

And you are quite right. It is around this vital factor that I have woven this discourse. The merchant is ob-

KNOW YOUR PROFITS!

Are You Selling Below Cost?

Hundreds of merchants fail in business each year not from bad credit risks and inaccurately kept records, but from another insidious, dangerous leak in profits of which the merchant may be wholly unmindful—a wrong method of fixing retail prices.

From replies to a questionnaire mailed to 4000 merchants, it was found that only 20 were using the correct and only safe method of figuring retail prices. The majority were cutting selling prices below actual cost.

Such condition need no longer exist. E. A. Terrell, in a remarkable little book, "Know Your Profits," provides the cure. No merchant, however efficient his business management, should be without a copy.

Figures Which Don't Lie

(1) The book points out the error so commonly made in arriving at retail prices. It shows how to determine expenses and profitable selling prices. It insures accuracy and eliminates the time and worry of laborious, detailed calculating.

(2) For articles which must be sold at little or no profit, the book gives a simple, rapid system for determining the lowest selling price without loss.

(3) It shows the quickest and easiest method of determining whether one may meet a competitive price and still make a profit.

(4) It gives a method of

averaging earnings on an entire stock inventory.

Subjects covered include: What are your costs?—How to use Price Table—The Price Table method—Can you meet a Competitive Price?—Averaging Profits, or Caring for Mark-downs—Should Same Overhead Apply to All Sales?

Not a long and tedious treatise on merchandising, but a brief outline of a clear, quick, simple and easily applied method of pricing.

Every retailer and jobber should have this short-cut to retail price control. Money back unless worth more to you than price paid.

Price Three Dollars Per Copy

ORDER FROM

NATIONAL RETAIL CREDIT ASSOCIATION

1218 OLIVE STREET ST. LOUIS

liged to add to the actual cost of his merchandise, the legitimate selling, advertising and overhead expense, plus a legitimate ratio of profit, to create a cash-sale price; and then also adds AN ILLEGITIMATE MARK-UP TO PENALIZE ALL OF THE RETAIL BUYING PUBLIC FOR THE PARASITES OF HIS ACCOUNTS RECEIVABLE.

REMEDY

NOW LET US THINK ABOUT A REMEDY to exterminate not only the parasite of your Accounts Receivable, but also any other of the waste in merchandising distribution; and the uneconomical decrease in the purchasing power of the consumer's dollar.

That the situation is acute enough for a drastic remedy, I'm sure you will agree. The merchants of Detroit see it when they look over your credit statistics month after month, to find a collection percentage of from 48 to 52%. Your Merchant's Credit Bureau appreciates its seriousness, and cautions the public to "pay promptly" in their newspaper advertisements. Your government seat at Washington is alarmed about it, when they will delegate such a strong Bureaucrat and Economist as Dr. Klein to set up a special bureau to investigate it. Your National Association of Retail Creditmen has taken its stand against it, when they have begun to raise seven million dollars for the purchase of poison to combat this parasite.

As I remarked in the beginning, the master minds of the country are setting out to develop ways and means to take the waste out of distribution, just as they, at the beginning of this machine age, set out to eliminate the lost motion and high cost of production. It is all well and good, that they should theorize and expostulate upon what might be done to improve the condition, but, I believe that it is *your job*, as credit men and women, to discover and develop a plan that will work, not only for Detroit but the whole country. I believe that your respective firms are waiting and hoping that some of your bright men and women will THINK OUT such a feasible plan, that will kill this profit devouring parasite, without curtailing the credit-producing sales volume.

Ladies and Gentlemen, NOW, IF EVER, in the history of this newly developed profession of yours, are you called upon to THINK. To think, not only of yourselves, not only of your firm, not only of your local public, you are now called upon to think of the welfare and prosperity of your country. I do not want to appear as a flag-waver; I do not want to pose as an alarmist; I have not lost my confidence in the honesty of the general

Collections and reports in the Cleveland, Ohio, trade area should be routed through and will be gratefully received by our National member—The Cleveland Retail Credit Men's Company, National City Bank Bldg.

This group pledges every individual, agency and bureau member in the United States 100% effort in accordance with policies of the National Retail Credit Association.

—REMEMBER—

CLEVELAND, OHIO, COLLECTIONS AND REPORTS
Are most efficiently and safely handled through the National member.
(Return to us unanswered all direct inquiries)

Alimony Agent Case Reversed

THE courts cannot appoint receivers to collect the salaries of Federal employes from the Government and pay it out to wives as alimony, it was decided by the Court of Appeals yesterday.

The court reversed a decision of Justice Hitz, in District Supreme Court, who appointed a receiver for the salary of John L. McGrew, Government worker, to apply on a judgment of \$7,629.75 which his former wife, Mrs. Olive McGrew, had been unable to collect.

Chief Justice Martin declared, in his decision that it might be found embarrassing and in some cases fatal to Government and public service if salaries of employees could be reached by individuals or State governments.

public; but I am willing to go on record when I say that, "when the retail credit structure's liquidity is 50% frozen, and does not appear to be improving, the time is at hand to awaken the people to the consciousness of their responsibility to their retail credit obligations."

How can this important task be accomplished? Is the logical solution to be found in a SOLID ORGANIZATION OF THE RETAIL MERCHANTS THROUGHOUT THE COUNTRY, who will pledge their word to stand by a concerted action? Can the people be educated to this thought of Prompt Payment by intensive propaganda? I believe it can be accomplished in this manner.

Most of the great national movements and corrections have been made by propaganda and proper organization. Sometimes it has taken years to foster the thought and to incite the thought into action, but it *has been done*.

If the public was made to realize that Credit-extension costs them *money* they would be more careful in abusing the privilege. If the public was shown that installment prices contained the usurious rate of prepaid credit-cost that they are obliged to contain, the public would be more cautious in spending their money before they earned it. If the public was taught that it was a social error as well as an economical blunder to deliberately let their accounts run into three or six months delinquency, the fear of their neighbor's opinion, would force them to pay promptly. If the public learned that delinquency would be tolerated *only when caused by misfortune beyond their control*, the vicious practice would be stopped.

A decade ago, it would have been a fallacy to have even suggested that such a programme or propaganda could be effective, because twenty years ago there was not a known alternative that could have been suggested.

Today, however, the majority of the retail buying public, especially in large cities, has very few legitimate excuses, *other than complete inability of earning power*, not to pay their bills when they are due.

With Industrial Banking—and Personal-loan Facilities of the larger banks in the cities, developed for serv-

ice, as they are today, it is unnecessary for the public to ask their Creditors for time extension on past due, accounts; or, even for the purchase of new, durable merchandise, on installment payments.

There is, at the command of every sincere and honest man or woman, banking facilities, to enable them to finance their own requirements.

The public can be taught to stand on their own financial feet. That it is shameful to sponge on the financial resources of their Creditors. That it is more dignified and honest to "borrow to pay" than it is to ignore a just debt on due date.

It is economically unsound, and should be unnecessary, that a Merchant sell CREDIT in the mark-up of his cash prices. It is a bank's function to sell money at bank interest rates, and the Merchant's job to sell merchandise for profit.

And, in conclusion, fellow Credit men and women, permit me to reiterate, "AT HAND, is your golden opportunity to THINK, and to CREATE A PLAN OF ORGANIZATION AND ACTION that will eliminate, at least a part of the waste in the economical distribution of merchandise, by attacking and eventually killing the parasite of costs in Retail Accounts Receivable."

Declining the Account

(Continued from page 16)

the mind of the average woman a legitimate obstacle to granting credit.

The daughter of a man, who wants nothing more charged to him yet does not want to tell the daughter himself, may be handled in another way. You may claim that the unauthorized purchasing on the accounts of others have been so prevalent of late that the firm has had to make a new ruling, requiring a signed authorization notice and that you will be glad to honor his if she will bring it in.

And so I could go on "ad infinitum," if I were to take up each individual case coming to the credit man. For each case is individual and requires that the credit grantor be a close student of psychology and that he develop his ability to anticipate the probable reaction of each individual to the various methods of refusing credit.

The key to success in credit granting may, however, be summed up in a few words. For while industry and resource in investigating an applicant and keen comprehensive judgment of human nature are qualities essential to the credit grantor's position, his ability to make and retain friends for his store is the credit man's most valuable asset.

Huntington, W. Va., Expects 1931 Convention

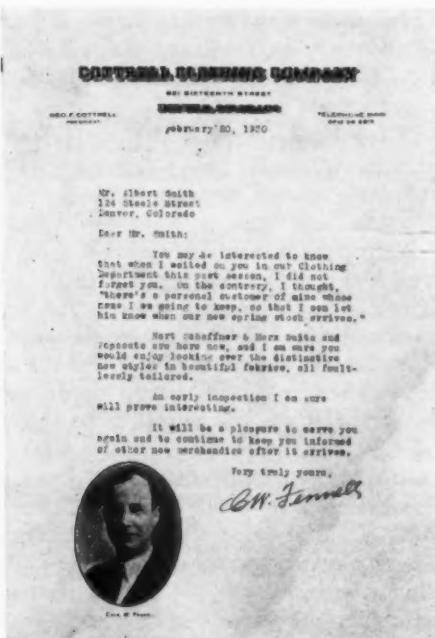
The Credit Manager and every business interest of Huntington, W. Va., have decided the 1931 Convention of the National Retail Credit Association must be held in their city, and are conducting a nation wide campaign to bring it there.

Cooperation

(Continued from page 7)

he would suggest to a banker. If the salesman would try to sell a clerk a suit for \$75.00 and is successful in his sale, the chances are, in most cases that the customer is oversold and cannot meet his obligation at the time it is due which often results in the Credit Department calling or writing him and the result may be that the store would lose his trade. The Credit Department should do all in their power to give the salesman all the information necessary for him to make the sale without divulging the customer's credit rating which of course should always be held confidential.

The cards are also used in sending out letters preceding a sale. The kind of letter used, while not entirely a new idea but has not been used to a great extent, is one with a picture of the salesman on it and is signed personally by him. We are reproducing two letters, one

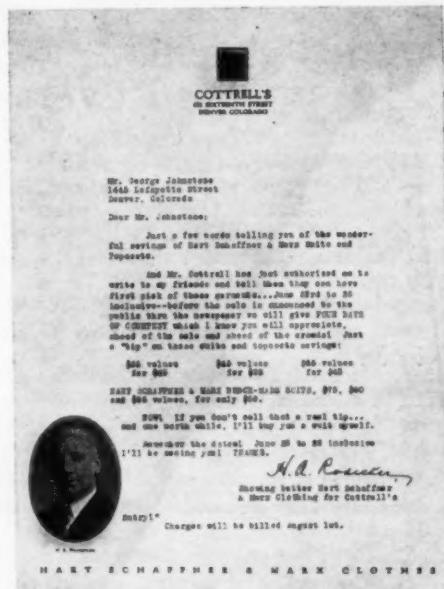


Crowder Now With Montgomery Ward & Company

L. S. Crowder, former Credit Manager of Mandel Bros., Chicago, and in 1917 Vice President of the N. R. C. A., is now Credit and Collection Manager of the Retail Stores of Montgomery Ward & Co.

In line with this firm's policy of increasing the Credit features of its Retail stores, there was created a need for a Credit executive of exceptional ability, and Mr. Crowder was selected.

The job of setting up a Credit Department in several hundred stores and harmonizing them with a master department in Chicago is a most unusual development



which is sent out several days in advance of a sale which gives the customer time to buy before the sale is announced in the newspapers and is one of the courtesies extended him which is no doubt greatly appreciated. The other is sent out in advance of the coming season explaining the new numbers and colors. The results from these letters are very gratifying due to the fact that when a customer comes into the store they know just what the salesman looks like and of course walk right to him when they see him. This works both ways because it is just as important for a customer to come into a store and call the salesman by name as it is for the salesman to recognize the customer by name. When a customer comes into your store and asks for Mr. Jones to wait on him he expects to see Mr. Jones, because he is unable to see him in any other store. But on the other hand if he asks to see a suit of clothes he can go into any store handling clothes and see a suit.

The above work is done with the cooperation of the sales and credit department.

in credit extention, and the Montgomery Ward & Co. are to be congratulated on securing a man of Mr. Crowder's ability and experience.

Uniontown, Pa., Bad Place for Check Passers

The Credit Bureau of Uniontown, Pa., has so perfected its "Quick Warning System" on bad check passers, they have been able to catch so many of these fellows that Uniontown is becoming known as a place to be avoided by the check and credit crook. E. H. Ward, Secretary-Manager of the Credit Bureau, has developed an almost perfect warning system.

